

CITY OF BURLINGTON NORTH CAROLINA

"Connecting the Triad & Triangle"



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF BURLINGTON

FISCAL YEAR ENDED JUNE 30, 2011



CITY COUNCIL

RONNIE K. WALL, MAYOR
DAVID R. HUFFMAN, MAYOR PRO TEM
JAMES B. BUTLER, COUNCILMEMBER
CELO I. FAUCETTE, JR., COUNCILMEMBER
STEPHEN M. ROSS, COUNCILMEMBER

CITY MANAGER
HAROLD OWEN

DIRECTOR OF FINANCE AND RISK MANAGEMENT
PEGGY B. REECE, CPA

Prepared by the City of Burlington Finance Department

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officers	x
FINANCIAL SECTION:	
Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	xi-xii
Management's Discussion and Analysis	xiii-xxix
Basic Financial Statements	
Government-Wide Financial Statements:	
1 Statement of Net Assets	1
2 Statement of Activities	2-3
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	4
3 Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets	4
4 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
5 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	7
6 Statement of Net Assets - Proprietary Funds	8
7 Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	9
8 Statement of Cash Flows - Proprietary Funds	10-11

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
Notes to the Financial Statements	12-41
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	42
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	43
Law Enforcement Officers' Special Separation Allowance Notes to the Required Schedules	43
Other Postemployment Benefits - Schedule of Funding Progress	44
Other Postemployment Benefits - Schedule of Employer Contributions	45
Other Postemployment Benefits - Notes to the Required Schedules	45
Individual Fund Statements and Schedules:	
Balance Sheet- General Fund	46
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	47-62
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	63
Combining Balance Sheet for Non-Major Governmental Funds	64
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance for Non-Major Governmental Funds	65
Special Revenue Funds:	
Combining Balance Sheet	66-67
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances	68-69
Schedule of Revenues and Expenditures - Budget and Actual:	
Community Development Fund	70-76
Rehabilitation Loan Program Fund	77
Rental Rehabilitation Loan Program Fund	78
Downtown Special Tax District Fund	79
HOME Program Project Fund	80-81

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
RICO Fund	82
Guilford Mackintosh Fund	83
Controlled Substance Tax Fund	84
MPO Planning Transportation Fund	85
Energy Efficiency & Conservative Block Grant	86
Medicare Part D Grant Project Fund	87
Weed & Seed Grant Program	88
Edward Byrne Justice Assistance Grant Fund	89
Governor Crime Commission Project Safe Neighborhood	90
All Hazard Preparedness Grant - Lake Cammack	91
General Capital Project Funds:	
Combining Balance Sheet	92-93
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance	94-95
Schedule of Revenues, Expenditures - Budget and Actual:	
Drainage Improvement Project Fund	96
Willowbrook Park Multi-Use Trail Project	97
Piedmont Way Widening & Sidewalk Project Fund	98
ERP System Project Fund	99
Street Resurfacing	100
Mebane St./Grand Oaks Sidewalk Project	101
Renovation of Existing Recreation & Park Facilities	102

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
Enterprise Funds:	
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Storm Water Fund	103
Water and Sewer Fund	104-109
Water and Sewer Capital Projects - Water Capital Reserve Fund	110
Water and Sewer Capital Projects - Sewer Capital Reserve Fund	111
Water and Sewer Capital Projects - Tank Removal Project Fund	112
Water and Sewer Capital Projects - Elevated Water Storage Tanks Solar Powered Fund	113
Water and Sewer Capital Projects - Stoney Creek and Lake Cammack Dams Project	114
Water and Sewer Capital Projects - Mebane St./Grand Oaks Water Line Project Fund	115
Water and Sewer Capital Projects - Jordan Lake Rules Project Fund	116
Water and Sewer Capital Projects-Senior Center ARRA Cistern Project Fund	117
Water and Sewer Capital Projects-Mebane Street-St. John Street Culver Project Fund	118
Water and Sewer Capital Projects-Jordan Lake Rules Second Phase Fund	119
Internal Service Funds:	
Statement of Net Assets	120
Combining Schedules of Revenues, Expenses, and Changes in Net Assets	121
Combining Statement of Cash Flows	122-123
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Dental Self Insurance Fund	124
Workers Compensation Self Insurance Fund	125
Group Health Benefits Self Insurance Fund	126

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
 Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	127
Analysis of Current Tax Levy	128
 STATISTICAL SECTION:	
Net Assets by Component	129-130
Changes in Net Assets	131-132
Fund Balances, Governmental Funds	133-134
Changes in Fund Balances, Governmental Funds	135-136
Assessed Value and Actual Value of Taxable Property	137
Direct and Overlapping Property Tax Rates	138
Principal Property Tax Payers	139
Property Tax Levies and Collections	140
Ratios of Outstanding Debt by Type	141
Ratios of General Bonded Debt Outstanding	142
Direct and Overlapping Governmental Activities Debt	143
Legal Debt Margin Information	144
Pledged-Revenue Coverage Last Fiscal Year	145
Demographic and Economic Statistics	146
Principal Employers	147
Full-Time Equivalent City Government Employees by Function/Program	148
Operating Indicators by Function/Program	149
Capital Asset Statistics by Function/Program	150

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2011

<u>Exhibit</u>	<u>Page Number</u>
COMPLIANCE SECTION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	151-152
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	153-154
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act	155-156
Schedule of Findings and Questioned Costs	157-158
Summary Schedule of Prior Audit Findings	159
Schedule of Expenditures of Federal and State Awards	160-161
Major Fund Determination	162

CITY OF BURLINGTON

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FINANCE DEPARTMENT

October 13, 2011

The Honorable Mayor, Members of the City Council, and Citizens of the City of Burlington, North Carolina:

The *Comprehensive Annual Financial Report* of the City of Burlington, North Carolina, for the year ended June 30, 2011, is submitted for your review. This report was prepared by the City's Finance Department and it is the comprehensive publication of the City's financial position and results of operations for the fiscal year ended June 30, 2011, for all funds and the component unit of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with city management. To provide a reasonable basis for making these representations, we have established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burlington's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe the data as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component unit of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required by North Carolina General Statutes Section 159-34 to have an annual independent audit. A compliance audit on federal and state financial assistance programs is also required under the Federal Single Audit Act of 1984 and the U. S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the State Single Audit Implementation Act. The City of Burlington's financial statements have been audited by Stout, Stuart, McGowen & King, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burlington for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report. In addition, the auditor's report, required as part of a single audit, is found in the Single Audit Section of this report. This report focuses not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements involving the administration of state and federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form

of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Burlington's MD&A can be found immediately following the report of the independent auditor.

CITY PROFILE

The City of Burlington, incorporated on February 14, 1893, is located in the Piedmont Region of Central North Carolina along Interstate Highways 85/40. The City is the largest municipality in Alamance County, with a land area of 31.47 square miles and a population of 49,963. The City is empowered by statute to levy an annual ad valorem property tax on the appraised value of all real and tangible property except manufacturers, retailers and wholesalers inventory located therein. The City is also empowered by statute to extend its corporate limits by annexation. Since January 1980, the City has annexed 14.82 square miles, which includes its most recent annexations of 0.039 square miles. These annexations represent industrial and institutional properties. The City generally annexes on a voluntary basis.

The City of Burlington operates under the council-manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of a mayor and four council members. The City Council members are responsible for the government and general management of the City, approve and amend all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approve all contracts, and appoint the City Manager and City Attorney. Council members are elected at large to four-year staggered terms, and the Mayor is elected to a two-year term. The Mayor presides at all meetings of the City Council, and has the right to vote upon all issues, but has no additional vote in case of a tie and no veto power.

The City Manager is responsible for carrying out the policies and ordinances of the Council and administering the daily operations and programs of the City through appointed department heads and their staff members.

The City of Burlington provides a full range of services to its citizens, including police and fire protection, construction and maintenance of streets and other infrastructure, traffic control, recreational activities, cultural events, and sanitation in the form of solid waste collection. The City also owns and operates a cemetery and a golf course. In addition, the City operates a water treatment and distribution system, a sewer treatment and collection system, and a storm water fund.

The annual budget serves as the foundation for the City of Burlington's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the General Fund, Special Revenue Funds (except for Grant Project Funds), and Proprietary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds. Any increase or decrease in the original budget as adopted must be approved by City Council. The City also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund the budgetary comparison is presented in Exhibit 5, page 7, as part of the Basic Financial Statements pertaining to the governmental funds. For other governmental funds with annual and project-length budgets, detailed budget to actual comparisons are presented in the supplementary information subsection of this report, which starts on page 70.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burlington, North Carolina operates.

Local Economy

The City of Burlington's economy has remained unchanged considering the surrounding county and national situation. The City itself is continuing cost-saving measures to reduce the impact of the economy. While there has been closing of some small retail stores, there have also been openings of small businesses in the recent months. There have been no significant losses of businesses. The year ended June 30, 2011, has seen an ever so slight decrease in the water and sewer revenues. Unlike the prior year when there were longer periods of drought situations offset by heavier than normal rain falls, this year did not see such extreme weather conditions. The City's largest employer, LabCorp, is in the process of building a \$26 million addition to one of their current buildings, in order to consolidate services from outside locations into Burlington. Burlington Regional Airport is well under way with the runway extension project that will allow larger jets to land. The runway will extend from 5,000 to 7,000 feet. The first phase will extend the runway to 6400 feet and should be ready by the summer of 2012. The City is participating in this expansion through its Economic Development Program. The airport is the new home of the World Headquarters of Honda Aero. Honda Aero builds jet engines for Honda aircraft as well as other aircraft. Phase I building at Honda Aero, which includes the administrative and manufacturing facility is complete and is waiting for FAA certification. Honda Aero is hoping to begin building engines no later than January 2012. Phase II construction will include a service center. Honda is investing over \$65 million in the facility. Other new developments in the area include another major retail development, Tanger Outlet that is approximately 10 miles east outside of Burlington but in Alamance County. The Tanger Outlet is believed to be the main reason apparel sales jumped more than 50% for the county, which helped contribute to the significant increase in sales tax for the City. Second, about 10 miles west, American Express is more than halfway through the completion of building a \$600 million data center, and a \$400 million back up data center close by. Lastly, a third and final phase of Alamance Crossings opened in October 2011. Shown below are the ten largest employers within the City of Burlington.

City of Burlington, North Carolina
Principal Employers
June 30, 2011

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Alamance-Burlington School Syst.	Public Education	3,260
LabCorp, Inc.	Medical supplies, services & faci	3,200
Alamance Regional Medical Cente:	Health Care	2,057
Walmart Stores, Inc.	Retail Sales	1,000
City of Burlington	Local Government	875
Kayser-Roth Corp	Textiles	380
Kernodle Clinic, Inc.	Health Care	325
American Multimedia, Inc.	Wholesale media	250
ITG	Textiles	250
Carolina Hosiery Mills, Inc.	Textiles	220

Source: Alam Co Area Chamber of Commerce-228-1338 (www.alamancechamber.com)

Alamance County reached its peak unemployment in January 2010 as evidenced in the following statistics. The average unemployment rate in Alamance County for the eight months calendar-year-to-date is 10.5%, higher than the State and national rates of 10.1% and 9.2%, respectively. Despite these statistics, the City of Burlington ranked 33rd in last year's Forbes magazine analysis of ideal places to live for young professionals.

% Unemployment (Alamance County)													
	<u>99</u>	<u>00</u>	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>
Jan	2.7	3.2	4.1	7.5	7.6	6.9	6.0	5.6	5.6	5.4	10.6	13.4	10.8
Feb	2.8	3.4	4.7	7.6	7.7	6.7	6.5	5.8	5.4	5.5	11.4	13.3	10.4
Mar	2.3	2.8	4.8	7.4	7.1	6.4	5.9	5.3	4.8	5.3	11.5	12.5	9.9
Apr	2.0	2.4	4.5	7.1	7.2	6.1	5.6	5.0	4.8	5.1	12.0	11.8	9.8
May	2.2	3	4.9	7.1	7.3	6.3	6.0	5.5	5.0	5.8	12.1	11.7	10.0
Jun	2.5	3.3	5.5	7.4	8.0	6.8	6.3	6.0	5.4	6.4	12.5	11.6	11.0
Jul	2.5	3.4	6.5	7.5	7.9	6.4	6.5	6.2	5.4	6.8	12.9	11.4	11.0
Aug	2.5	3.6	6.8	7.3	7.3	6.1	6.3	5.7	5.1	6.9	12.5	10.9	10.9
Sept	2.4	3.0	6.2	6.6	6.7	5.5	5.9	5.2	4.6	6.6	12.0	10.0	
Oct	2.4	3.2	6.3	6.6	6.7	6.2	5.9	5.1	4.7	7.1	12.0	9.9	
Nov	2.3	3.4	6.6	7.0	6.8	6.0	6.0	5.3	4.8	7.9	12.1	10.4	
Dec	2.1	3.3	6.8	7.0	6.4	5.8	5.4	4.8	5.0	8.8	12.5	10.0	

Source: Bureau of Labor Statistics

The following is a comparison of average annual unemployment rates (%) for the County, State and United States.

Comparison of average annual unemployment rates (%) for the County, State & US

<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>	<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>
1998	2.9	3.4	4.5	2005	6.0	5.3	5.1
1999	2.5	3.2	4.2	2006	5.5	4.8	4.6
2000	3.5	3.6	4.0	2007	5.1	4.7	4.6
2001	5.6	5.6	4.7	2008	6.5	6.2	5.8
2002	7.2	6.6	5.8	2009	11.9	10.8	9.3
2003	7.2	6.5	6.0	2010	11.4	10.6	9.6
2004	6.3	5.5	5.5	2011	*10.5	*10.1	*9.2

*Through Aug 2011

Source: Bureau of Labor Statistics

The City has maintained a stable financial condition in spite of the continued lackluster in the national and local economy. Revenues from building permits and fees for the current year are \$491,410, up approximately \$149,986 from the previous fiscal year. This increase is primarily attributable to the build out of the 3rd and final phase at Alamance Crossing, a major shopping center in the area.

Located on the Interstate Highways 85/40, between the larger cities of Greensboro (to the west) and Raleigh (to the east), the City remains in an ideal position for growth. In addition, the Burlington Downtown Corporation, a component unit, has initiated a master plan for redevelopment of the downtown area. The Company Shops Market, a cooperatively owned, full-service grocery store and café opened in June of 2011. Last year, the Company Shops Market was the sub-recipient of the Main Street Solutions Grant in the amount of \$298,460 to assist them with the \$2.3 million renovation project.

Alamance Crossing has built the first two phases of retail shops and restaurants. Located in the northeast quadrant of Interstate 85/40, more than 840,000 total square feet of new retail development is planned for the

shopping center. Construction of the third and final phase has been recently completed Kohls, Dick's Sporting Goods and BJ's Wholesale Club hosting grand openings in October 2011. The first two phases included retail stores such as Belks, JC Pennys, Dillards, American Eagle, as well as several restaurants like Olive Garden, Red Robin, Texas Roadhouse, and Buffalo Wild Wings. Limited commercial development has continued to develop along the University Drive corridor in commercial developments such as University Commons, Burlington Station, and Shoppes at Waterford.

New residential development has slowed across the City. Burlington is not immune to the effects of the recession that has hit the entire country as a whole. In the past three years, as with the rest of the nation, new development has been at a minimum. However, limited multi-family and residential developments have continued across the western portions of the City.

Long-term Financial Planning

(1) Water and Sewer Resources Issues/Stormwater Issues

The City (Engineering) has continued to administer construction contracts for the replacement of deteriorating two-inch water lines. This is an ongoing process for the water and sewer distribution systems.

The B. Everett Jordan Reservoir Water Supply Nutrient Strategy (also called the Jordan Lake Rules) is a comprehensive set of rules enacted by the North Carolina Environmental Management Commission and the North Carolina General Assembly in 2009. Jordan Lake Rules are regulations to remove excessive nutrients that result from runoff from treatment plants, agriculture, etc. from surface waters that feed into Jordan Lake and to minimize nutrient impact in an effort to restore water quality at Jordan Lake. The City issued revenue bonds in December 2010 for the first phase of the changes necessary to the South Burlington Waste Water treatment plant to comply with the new Jordan Lake Rules. The City issued the second phase of revenue bonds in October 2011 in order to make the changes necessary to both treatment plants to comply with the new Jordan Lake Rules.

Engineering studies had determined that both Lake Cammack Dam (built in 1961) and Stony Creek Dam (built in 1928) had the potential to be unstable during extreme storm events and the spillway capacity does not meet current design standards for the Stony Creek Dam. Funds were borrowed as part of the Series 2010 Revenue Bonds issued in December 2011 to cover the proposed repairs for both dams. Proposed repairs for both dams involve the installation of a series of post-tensioned anchors installed by drilling vertically through the dam into the bedrock below the dam. The multiple anchors will provide required stability during the design storm. Additionally, it is proposed that the earthen embankments and abutments be reinforced/raised. Repairs to the dams are projected to be completed by the end of November 2011.

(2) ERP

Enterprise Resource Planning (ERP) is a financial and business computer system that integrates all departments and functions across the City with one single, powerful, yet easy to use, computer system. Due to constant changes in federal and state laws, as well as changes in the software environment, there will always be updates to our existing software that need to be

implemented. The City is planning on installing three (3) more modules: TOP (Tyler Output Processor), Content Manager, and Web access for Licensing. Two of the three will assist the City with its paper storage/retrieval issues as they will allow near-paperless solutions for accounts payable, purchasing, accounting, human resources (various personnel records), etc. The City has also upgraded servers to enhance security, reliability and storage space.

(3) Annexation

For the past couple of years, the City has been working on annexation of 9 different areas, commonly referred to as "donut holes" to help eliminate the confusion caused for police and fire when responding to an emergency, going in and out of the City limits driving along the same road. These annexations are scheduled to be effective December 31st, 2011.

Another part of this process has been to have a fire study done, to determine if there needs to be another fire station built due to the growth of the City to the west, and if any current fire stations need to be relocated. The formal report will be given to the City Council in the fall of 2011.

(4) Capital Improvements

In keeping with the City's goal of reducing expenditures, several capital projects were delayed.

Community Development Block Grant (CDBG) funds were used during the year for several projects meeting the requirements for use of those funds.

Housing Projects: The Housing Rehabilitation Program provided funds to correct Minimum Housing Code violations, to reduce lead-based paint hazards and to improve the energy efficiency in single-family dwellings occupied by low- and moderate-income households. As of June 30, 2011, the City completed the rehabilitation of eleven (11) owner-occupied houses. As a member of the HOME Program Consortium, the City in the past had conducted a homebuyer's assistance program using American Dream Down-payment Initiative (ADDI) funds. The final County funds were expended as of July 30, 2011. This program is no longer funded by the US Department of Housing and Urban Development.

Public Facilities: In the five-year strategic plan, CDBG proposed to undertake one new public facility or infrastructure improvement project per year to ensure new or improved availability/access to a suitable living environment for low- and moderate-income area residents. During the program year, the City launched several projects that include the installation of water and sewer lines along Hunt Street; development of a soccer park project at Fairchild Park; and new carpeting in Family Abuse Service's emergency shelter. In December 2010 the City Council approved a substantial amendment to the FY 2009-10 Action Plan for four recreation improvement projects. At Fairchild Park the City purchased tables and chairs for the community center; at North Park a new drinking water fountain was installed and six permanently attached picnic table sites; new playground equipment was installed at Robinson Park, Petersburg Park, North Park, Forest Hills, and Fairchild Park; and permanent picnic sites were installed at Elmira Park, Northwest Park, Robinson Park, Fairchild Park, North Park and Forest Hills Park.

The CDBG Division also established multiple projects for the upcoming fiscal year 2011-12.

(5) Plans For Debt Issuance

There are plans to continue the annual installment purchase agreement that provides funding for approximately \$1 million in capital equipment in the General Fund that the City purchases each fiscal year. This policy allows for ongoing purchases of equipment without causing major fluctuations in each annual budget.

(6) Fund Balance Policy

The City modified its fund balance policy to be in compliance with the GASB 54 pronouncement, with the new designations, restricted, committed, assigned, and unassigned fund balance. The policy also gives the City Manager the authority to make assigned fund balance designations.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive annual financial report would not have been possible without the dedication and collective efforts of the entire staff of the Finance and Risk Management Department. We would like to take this opportunity to express gratitude to all members of the department for their efforts. In addition, it is also important to express appreciation to the City Department Heads who supply information regarding the numerous projects with which they are involved.

Finally, credit must be given to the Mayor and City Council members for their unfailing support and for maintaining the highest standards of professionalism and fiduciary responsibility in the management of the City of Burlington's finances.

Respectfully submitted,


Harold T. Owen
City Manager


Peggy B. Reece, CPA
Director of Finance & Risk Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burlington
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



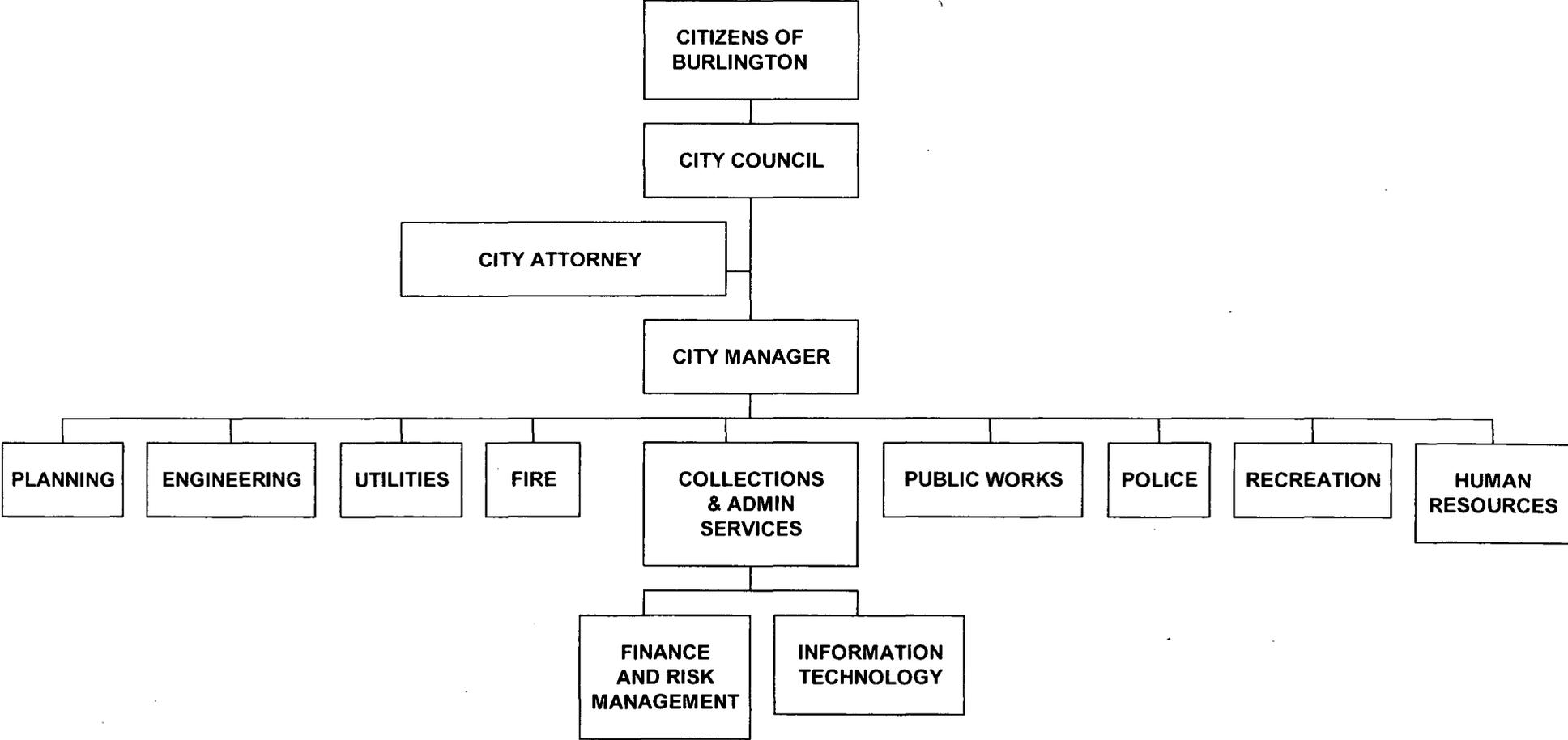
Linda C. Danson

President

Jeffrey R. Emswiler

Executive Director

CITY OF BURLINGTON, NORTH CAROLINA
ORGANIZATIONAL CHART



CITY OF BURLINGTON

List of Principal Appointed Officials For the Fiscal Year Ended June 30, 2011

City Manager	Harold T. Owen
City Attorney	Robert M. Ward
Director of Administrative Services and Revenue Collections	Frank F. Hope, III
Utilities Director	Robert Patterson, Jr.
Human Resources Director	Aaron P. Noble, Jr.
Recreation and Human Services Director	Anthony G. Laws
Public Works Director	Nolan Kirkman
Director of Finance and Risk Management	Peggy B. Reece, CPA
Police Chief	Michael R. Williams
Fire Chief	Jay A. Smith
Director of Information Technology	Rodger Burden
City Engineer	Albert L. Rhew
City Planner	Robert R. Harkrader, III



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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and
Members of the City Council
City of Burlington
Burlington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Burlington, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of Burlington Downtown Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2011 on our consideration of the City of Burlington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Burlington, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of Federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of Federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

STOUT STUART MCGOWEN & KINGS LLP

October 13, 2011

City of Burlington, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of Burlington for the fiscal year ended June 30, 2011. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial condition, identify material deviations from the financial budget, and identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter, which can be found on pages i-ix of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Burlington exceeded its liabilities at the close of the fiscal year ended June 30, 2011 by \$267,638,563 (net assets). Of this amount, \$92,066,021 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,826,154 (1.07%) compared to fiscal year 2010. The governmental net assets increased by \$1,265,063 (1.11%), and the business-type net assets increased by \$1,561,091 (1.03%).
- During the year, the City's governmental expenses were \$47,916,647, an increase of \$3,313,653, while expenses in the business-type activities were \$22,174,151, an increase of \$3,096,105.
- At the end of the fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$60,934,320, a decrease of \$7,026 in comparison with the prior year. Approximately \$12,946,857 (or 21.2%) is available for spending, with \$42,035,138 designated for specific purposes. For example, \$505,148 is externally restricted by nature of the Special Revenue Funds.
- At the end of the year unassigned fund balance for the general fund was \$12,946,857, or 28.2% of total general fund expenditures of \$45,948,801.
- The General Fund budget for fiscal year ending 6/30/11 was adopted with a \$.59 per \$100 assessed valuation tax rate, the same rate used in the prior fiscal year 2009-2010.
- The City of Burlington's total long-term debt increased \$12,622,901. There was an increase of (\$254,886) in the governmental activities as well as an increase of (\$12,368,015) in the business-type.

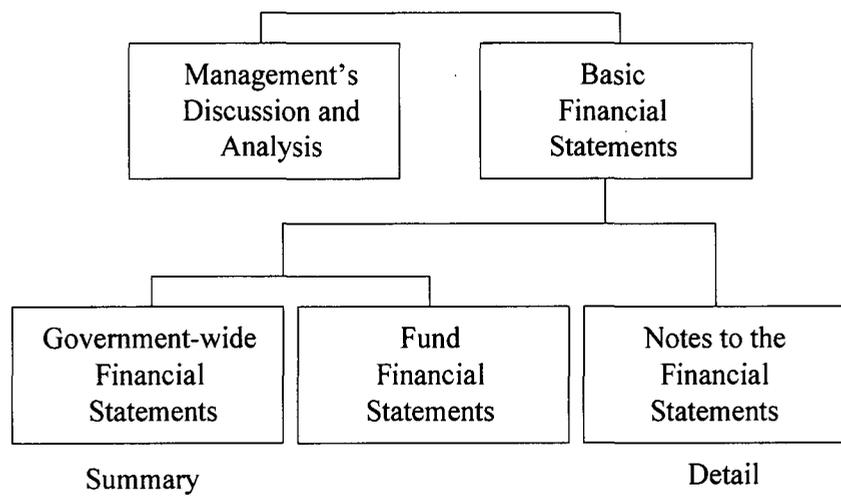
The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. The City's 2004 COPS were defeased with the issuance of the 2010 Revenue Bonds. The 2010 Revenue Bonds were rated AA at Standard & Poor's Corporation and Aa3 at Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Burlington's basic financial statements. The new financial statements, implemented in fiscal year 2003, are comprised of two kinds of statements that present different views of the City: (1) Government-Wide Financial Statements and (2) Fund Financial Statements. Both perspectives, however, are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability. Another important element of the basic financial statements is the notes to the financial statements. This report also contains other supplementary information in addition to the basic statements that will enhance the reader's understanding of the financial condition of the City of Burlington. (See Figure 1 below.)

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 9) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; and (3) the proprietary fund statements.

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, *supplemental information* is provided to show details about the City's individual funds. Budgetary information required by the NC General Statutes also can be found in this part of the statements.

A. Government-wide financial statements

The government-wide financial statements report both short-term and long-term information about the financial condition of the City as a whole, focusing on the government's operational accountability. The accounting methods of these statements are similar to those of private sector companies in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government.

The *statement of net assets* reports the City's net assets and includes all, both current and non-current, assets and liabilities of the City. The difference between the two is reported as net assets. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example, uncollected taxes and earned, but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City of Burlington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government-wide financial statements of the City of Burlington are divided into three categories:

Governmental Activities: Most of the City's basic services are included here, such as police, fire, public works, sanitation, recreation, and general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.

Business-type Activities: The City charges fees to customers to help cover the cost of certain services it provides. The City's water and sewer activities are included in this category.

Component Unit: The City includes one discretely presented component unit entity in its report. Financial information for the Burlington Downtown Corporation is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-3 (Exhibits 1 and 2) of this report.

B. Fund financial statements

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Burlington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements such as the General Statutes of North Carolina and the City's budget ordinance. The fund financial statements provide more detailed information about the City's major funds while focusing on the fiscal accountability, and are used to account for specific sources of funding such as those required by state law, bond covenants, and spending for particular purposes. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Burlington adopts an annual appropriated budget for its General Fund, as required by the General Statutes of North Carolina. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the City Council; (2) the final budget as amended by the City Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary funds of two different types are maintained by the City of Burlington. *Enterprise funds* are used to report the same functions presented as business-type activities; that is, the water and sewer operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Burlington's

various functions. The city uses internal service funds to account for its self-insured dental, health, and workers' compensation benefits. Because these internal service funds benefit both governmental and business-type activities, they have been allocated to both based on their respective percentage of personnel costs (including fringe benefits) to total personnel costs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund and the Storm Water Fund, the only two enterprise fund operations of the City of Burlington.

The basic proprietary fund financial statements can be found on pages 8-11 of this report.

C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-41 of this report.

D. Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Burlington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by \$267,638,563. The City's net assets increased by \$2,826,154 for the fiscal year ended June 30, 2011. However, the largest portion (52.3%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Burlington's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate those liabilities. An additional portion of the City of Burlington's net assets (15.94%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,946,857 is unassigned.

At the end of the current fiscal year, the City of Burlington is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Figure 2
City of Burlington's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 78,825,482	\$ 80,183,743	\$ 59,236,219	\$ 44,064,556	\$ 138,061,701	\$ 124,248,299
Capital assets	59,868,860	58,747,083	129,064,278	129,723,173	188,933,138	188,470,256
Total assets	<u>138,694,342</u>	<u>138,930,826</u>	<u>188,300,497</u>	<u>173,787,729</u>	<u>326,994,839</u>	<u>312,718,555</u>
LIABILITIES						
Current and other liabilities	5,960,433	7,161,110	4,975,362	4,325,533	10,935,795	11,486,643
Long-term liabilities:	17,781,348	18,082,218	30,639,133	18,337,285	48,420,481	36,419,503
Total liabilities	<u>23,741,781</u>	<u>25,243,328</u>	<u>35,614,495</u>	<u>22,662,818</u>	<u>59,356,276</u>	<u>47,906,146</u>
NET ASSETS						
Invested in capital assets, net of related debt	42,802,718	39,828,855	97,111,037	109,690,950	139,913,755	149,519,805
Restricted	11,376,455	30,330,078	24,282,332	13,188,880	35,658,787	43,518,958
Unrestricted	60,773,388	43,528,565	31,292,633	28,245,081	92,066,021	71,773,646
Total net assets	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- The property tax rate remained the same at \$.59 per \$100 assessed valuation, while the property tax base increased by 1.1%, which helped contribute to an increase of 2.03% in the total monies collected for property taxes in the General Fund.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.1%, which is slightly above the statewide average of 97.46%.
- The interest rates continued to remain at the lowest rates seen in many years. The rates remained at this low point for the entire fiscal year. These low rates were the primary contributing factor to the City's approximately \$183,984 decrease in interest income from the City's investments for governmental activities, as well as a \$124,327 decrease in business type activities.
- Sales tax revenues, reversing trends once again from prior years, increased by 13.5%. This is primarily attributed to the new Tanger Outlet which opened in November 2010 which is believed to have brought new purchasing traffic from outside the area, as opposed to just moving the sales traffic from one store to another within the county.

The Capital Reserve Fund's Restricted Net Assets increased by \$1.1 million, from two sources, one being interest income earned and the second being a transfer from the General Fund. There were \$460,977 transfers out as the only expenses for this fund in the year ending June 30, 2011.

Figure 3

City of Burlington Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 6,807,277	\$ 6,989,290	\$ 21,737,804	\$ 22,786,328	\$ 28,545,081	\$ 29,775,618
Operating grants & contributions	3,448,673	4,052,652			3,448,673	4,052,652
Capital grants & contributions			162,641	1,352,089	162,641	1,352,089
General Revenues:						
Property taxes, levied for general purpose	25,121,552	25,790,731			25,121,552	25,790,731
Other taxes	9,554,263	8,539,976			9,554,263	8,539,976
Grants and contributions not restricted to specific programs						
Other	3,688,785	3,643,718			3,688,785	3,643,718
Other	561,160	490,030	1,834,797	728,718	2,395,957	1,218,748
Total Revenues	49,181,710	49,506,397	23,735,242	24,867,135	72,916,952	74,373,532
Expenses:						
General government	9,782,111	9,215,323			9,782,111	9,215,323
Public safety	20,077,388	19,012,031			20,077,388	19,012,031
Transportation	8,931,972	7,511,084			8,931,972	7,511,084
Economic and physical development	1,367,129	1,510,984			1,367,129	1,510,984
Cultural and recreation	7,113,741	6,566,740			7,113,741	6,566,740
Interest on long-term debt	644,306	786,832			644,306	786,832
Water and sewer			22,174,151	19,078,046	22,174,151	19,078,046
Total Expenses	47,916,647	44,602,994	22,174,151	19,078,046	70,090,798	63,681,040
Change in Net Assets before transfers	1,265,063	4,903,403	1,561,091	5,789,089	2,826,154	10,692,492
Transfers	-	(262,737)	-	262,737	-	-
Increase in net assets	1,265,063	4,640,666	1,561,091	6,051,826	2,826,154	10,692,492
Net assets-beginning	113,687,498	109,046,832	151,124,911	145,073,085	264,812,409	254,119,917
Prior Period Adjustments						
Net assets-beginning (re-stated)	113,687,498	109,046,832	151,124,911	145,073,085	264,812,409	254,119,917
Net assets-ending	114,952,561	113,687,498	152,686,002	151,124,911	267,638,563	264,812,409

Governmental activities

Governmental activities increased the City's net assets by \$1,265,063, thereby accounting for 44.8% of the total growth in the net assets of the City of Burlington. The increases came from the following funds:

- The Capital Reserve Fund's net assets increased approximately \$1.1 million, due to budgeted capital expenditures being delayed because of the economy. This represents the majority of the total increase in net assets for governmental activities.
- For all of the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were less than expected and resulted in approximately \$155,000 increase in net assets.

- Sales tax revenues increased approximately \$1 million over the prior year in the general fund, primarily due to the opening of a shopping center, Tanger Outlets, which brought in new sales traffic to the county.
- Building permit fees increased for year ended June 30, 2011 over the prior year due to the building of the 3rd and final phase of the Alamance Crossing shopping center.
- The final main contributing factor to the net increase in capital assets is from the increase in capital assets (net of depreciation) by approximately \$1,121,776.

Offsetting these increases are the following decreases in revenues and increases in expenses:

- The City's capital project fund for the Recovery Economic Development Zone project, primarily paving streets, had a decrease of approximately \$1.4 million.
- Charges for services decreased by \$182,013 in the General Fund. The primary area affecting this decrease is in Recreation, which incurred a 9.5% decrease due to the fact that the golf course was closed for 5 months to allow for the re-seeding of the greens.
- Depreciation expense increased over \$200,000 from the prior year.
- Two other accruals saw increases from the prior year as well, OPEB liability went up approximately \$100,000, and accrued vacation went up almost \$300,000 as well.
- Interest earnings saw another major decline, decreasing 48.7% on top of the 80.9% decrease in the prior year, due to the continued historical all-time lows in interest rates.

Figure 4

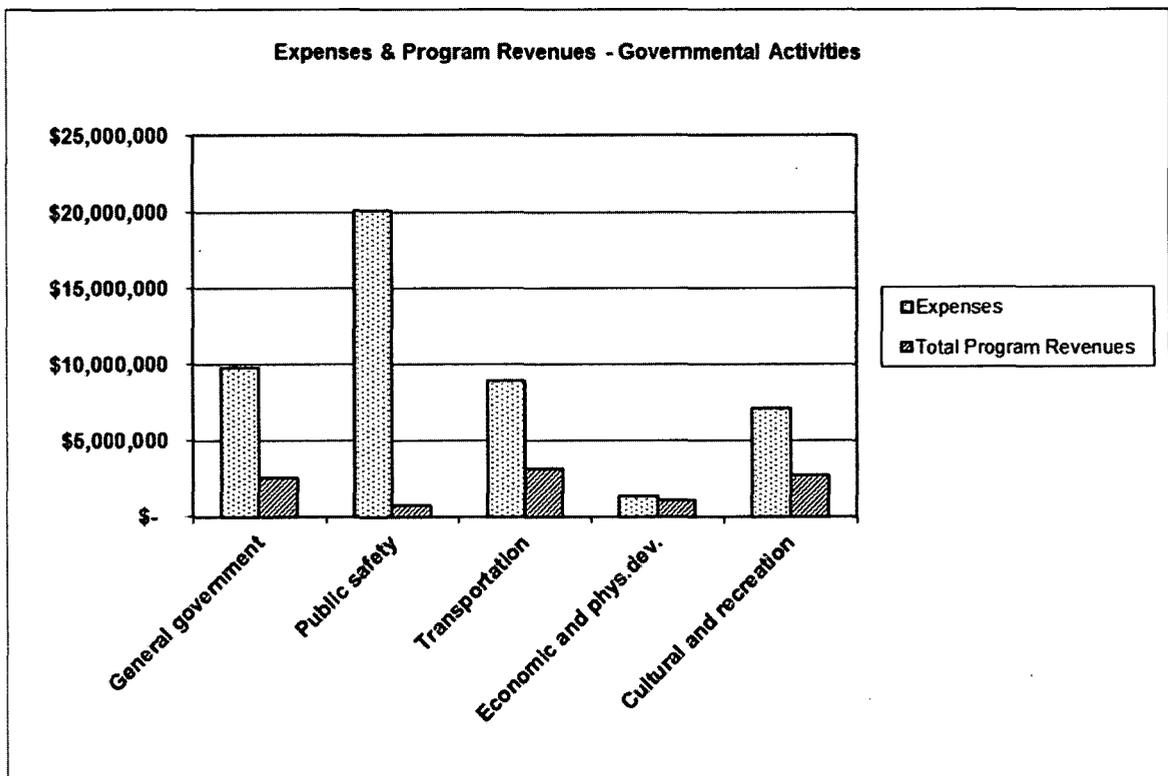
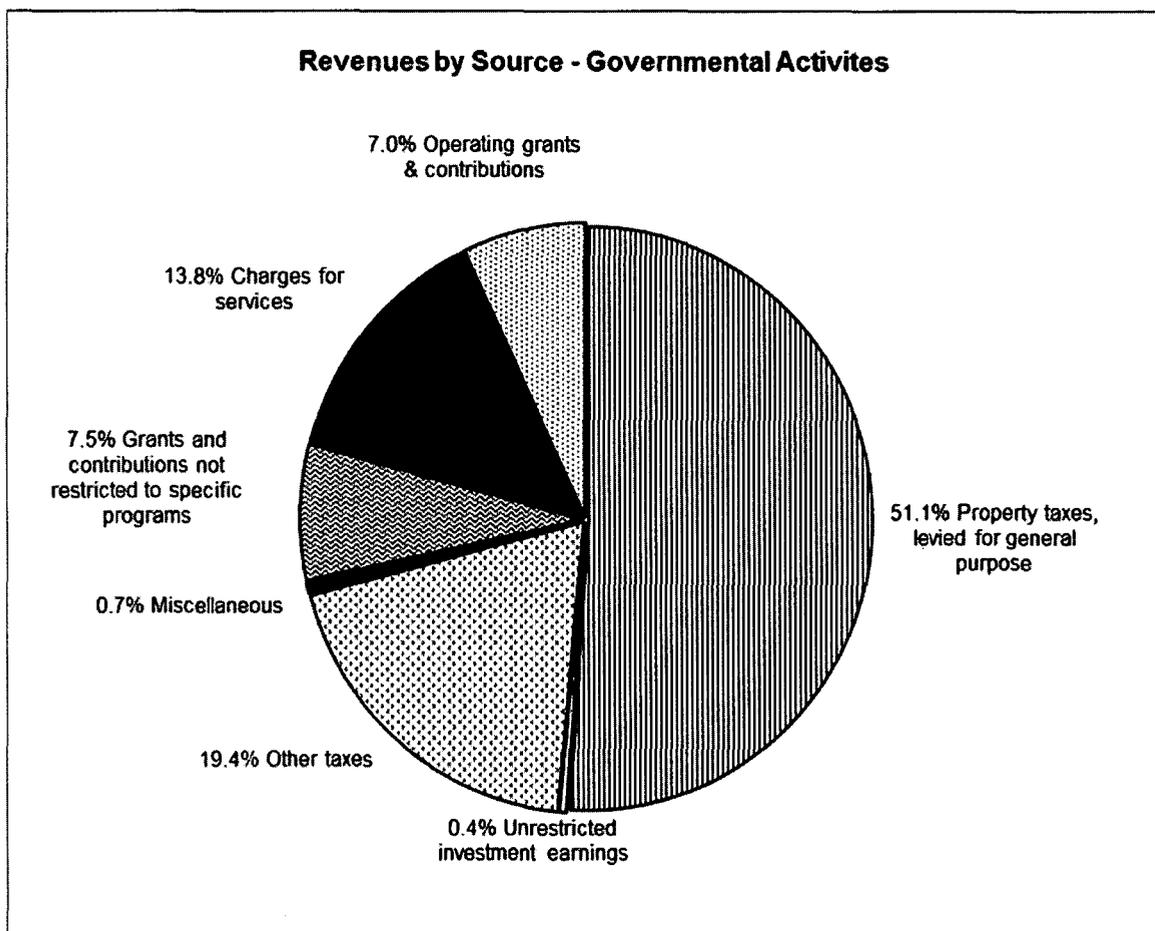


Figure 4 (continued)



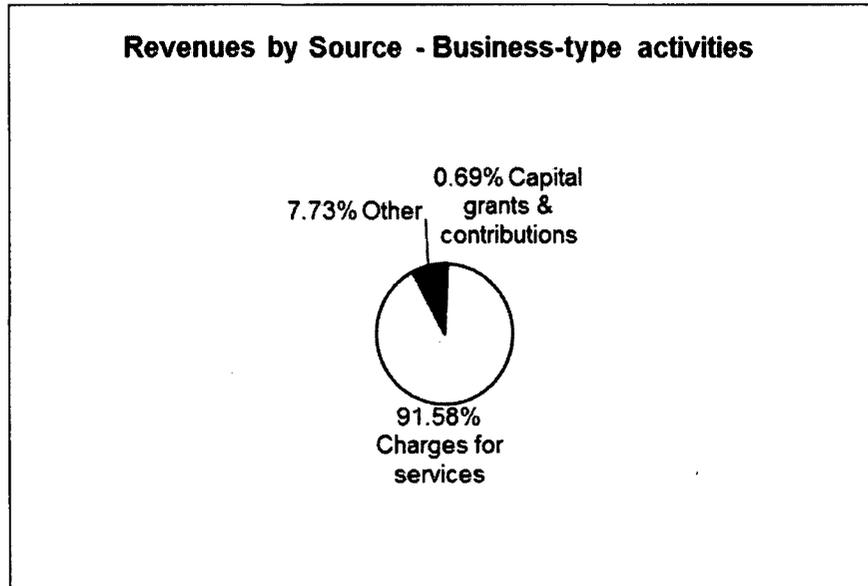
- Ad valorem taxes provided 51.1% of the revenues for governmental activities in the General Fund, with other taxes and charges for services providing 33.3% of revenues.
- Total expenses increased approximately \$3.3 million or 7.4%. With revenues decreasing \$325,000 or 0.66%, the total net asset increase was 1.1%. The largest portion (98%) of the expense increase was threefold, one being the effect of a 2.5% merit for police, which is part of a program put in place three years ago for officer retention which occurred in the General Fund as well as four new positions in field operations. Public safety operations expenses were up roughly \$190,000, \$112,000 for automotive expenses and \$88,000 for maintenance and repair costs. Public works also had three new positions being charged to that area, two transferred from proprietary funds, and the third was a new position for sustainability. Operations for Public works were also up by approximately \$587,000; \$148,000 for automotive expenses, \$185,000 for maintenance & repairs, contracted services for \$87,000, and purchases for resale \$138,000. The increases in these operations accounts are again reflective of management's philosophy, delaying replacement of vehicles, using outside contractors where possible to avoid hiring new employees, and repairing and maintaining equipment and buildings rather than purchasing new items.

Business-type activities

Business-type activities increased the City of Burlington's net assets by \$1,561,091, accounting for 55.2% of the total growth in the government's net assets. Key elements of the increase in net assets include some increases and decreases and are as follows:

- Interest expense went up significantly, approximately \$1.1 million, due to the issuance of the 2010 Revenue Bonds.
- Another increase in expense is due to increases in vacation expense (\$205,000) and OPEB liability (\$108,000).

Figure 5



- In fiscal year 2010-2011, the Water & Sewer Fund saw a 0.5% decline overall in business type activities revenues. Three factors contributed to this decline. The first was due to the prior year had significant amounts of rain in Burlington, which resulted in increases in inflow and infiltration being treated and since the 2010-2011 did not have that increase in rain, charges to municipalities were significantly less than the prior year. The second factor was due to a decrease (13.2%) in sales of water to the City of Greensboro due to the lower demands from the City. The third impact to revenue was again another significant decrease in interest income (72.8%) due to the extremely low interests rates as mentioned above.
- The City of Burlington instituted a second rate increase for the 2010-2011 fiscal year in the Water & Sewer Fund. The rate increase amounted to approximately a 7.0% increase for water and sewer rates for all customers, inside and outside the corporate city limits. Even with these increases, Burlington's rates continue to remain below other cities with similar collection and distribution systems.

- Expenses increased 7.4% overall primarily due to two factors, personnel costs were up approximately \$775,317 primarily due to fewer critical positions being vacant in the current year vs the prior year. Operational expenditures were approximately \$435,000 more than in the prior year, contracted services and maintenance & repair were \$112,000 higher and automotive expenses were \$70,000 higher than in the prior years. Expenditures for the storm water fund remained consistent with the prior year.
- The City operates two enterprise funds, the Water & Sewer Fund that constitutes most of the business-type activities, and the Storm Water Fund. There is a small allocation of the internal service funds included in the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Burlington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Burlington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,946,857, while total fund balance reached \$32,614,026. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28.2% of total General Fund expenditures.

At June 30, 2011, the governmental funds of the City of Burlington reported a combined fund balance of \$60,934,320, a \$7,026 decrease over last year. Key factors in the changes of the fund balances for the governmental funds are noted below:

- The capital reserve fund increased \$1.1 million, due to a contribution from the general fund and interest earnings from investments. This accounts for 46.8% of the total change in the combined fund balance for governmental funds.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted all together, used and thus decreased fund balance by \$137,746.
- The RICO fund received \$365,924 in a new grant and also used \$156,890 (decreasing) fund balance which was used for purchasing 35 new digital in-car video systems in police cars, uniforms and equipment for 6 new police officers, and crime scene processing equipment.
- The City spent \$149,744 of an Energy efficiency grant that was received at the end of the prior year. This also reduced fund balance by said amount.
- The Street Resurfacing Capital Project used \$1.4 million paving streets, and thus decreased fund balance by this amount.
- The Parks Renovation used a net of \$102,581 in fund balance for various renovation projects in the City's parks, again, decreasing fund balance by this amount.
- The \$806,467 increase in fund balance in the general fund is once again indicative of the management strategy employed by the City's

top officials. Revenues did see increases in property taxes, sales taxes, and permits. Property tax increases were due to buildings that have been under construction and were finished and taxed in the 2010-2011 fiscal year for the first time. As mentioned before, sales taxes increased due to a new shopping center, Tanger Outlet that brought in new sales traffic from outside the county. Building permits were up due to the 3rd and final phase of Alamance Crossing having begun construction. Increases in capital expenditures of approximately \$1.1 million were due to the purchase of necessary items only, a ladder fire truck, garbage truck, and police cars; increases in wages were limited to police as part of their retention program, a couple of positions that were transferred from other funds into the general fund, and some vacant positions were filled. Department heads kept operational costs in line with prior years as well. The major savings from expenses came from \$596,620 in unspent personnel costs due primarily to unfilled positions that were frozen for the current year, \$685,310 in budgeted capital items not purchased, and \$308,000 in lower operational expenses, primarily utilities (\$125,000) and professional/contracted services (\$147,000).

General Fund Budgetary Highlights. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Differences between the original budget and the final amended budget were approximately a \$3.88 million increase in appropriations, and the main items can be briefly summarized as follows:

- \$991,857 capital equipment financing consisting of a refuse side loader truck (\$235,000), 8 police vehicles (\$228,032), an leaf truck (\$130,000), computers city wide (\$181,282), a backhoe (\$80,000), a sprayer (\$38,000), and various other purchased equipment (\$99,543)
- \$1,052,801 for projects carried forward from the prior year (a ladder fire truck for \$791,636, and 8 police vehicles in the amount of \$181,145, are two of the main projects carried forward)
- \$68,092 grant programs for police
- \$24,759 donations and fees for recreation programs
- \$1,169,300 in year-end adjustments, fuel purchases for resale to Alamance County (\$500,000), fire buildings/equipment (\$68,625), recreation equipment/maintenance & repair (\$80,000), contracted/professional services (\$119,675), bank service charges (\$50,000), a special project with Burlington Housing Authority (\$100,000), equipment for police (\$164,900), and other miscellaneous items (\$86,100).

Differences between the final amended budget and actual amounts can be briefly summarized as follows:

- Ad Valorem tax revenues were greater than final amended budgeted amounts due to a conservative estimate of a 95% collection rate rather than the actual 97% rate.

- Other taxes and licenses were up by \$929,888, primarily due to the increase in sales tax.
- Unrestricted intergovernmental fees were up by \$361,142 (3.0%), partly due to the beer and wine taxes. The budget amounts were conservative because the State had withheld a portion of those taxes in the prior year, and it was unclear if the State would do the same in the 2011 fiscal year.
- Sales and services were \$151,104 (3.9%) over final amended budget primarily due to the sanitation fees bringing in more than expected.
- Investment interest actual earnings were \$233,239 (62.2%) below final amended budgeted revenues due to the continuance of record low interest rates.
- General government actual expenditures were \$1,519,156 (3.2%) under final amended budgeted expenditures due to budgeted expenses that were not incurred. Personnel costs (\$596,620) were lower than expected due to vacant positions that were frozen. Department heads were charged with reducing actual expenditures. As a result, the following are the major items that were under budget: professional services (\$91,773), maintenance /repair and maintenance contracts (\$55,530), and utilities (\$124,859). Also, capital costs (\$650,374) were lower than expected due police vehicles that were ordered but had not been delivered.
- Public works actual expenditures were \$327,003(3.7%)under final amended budgeted expenditures primarily due to a significant amount of resurfacing and patching that did not get accomplished (approximately \$446,193). These savings were offset by overages in repair & maintenance and automotive expenses in public works.

Proprietary funds. The City of Burlington's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund and Storm Water Fund combined at the end of the fiscal year amounted to \$30,875,901. The total growth in net assets was \$1,561,091. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Burlington's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Burlington's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$188,933,138 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles, among other types of assets. This investment represents an increase of \$(462,882) or 0.25% over the prior year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

Governmental activities:

- Streets and sidewalks increased \$265,751. This represents completion of routine maintenance and repaving of streets, sidewalks, and culverts.
- Construction in progress increased another \$1.5 million due to the City being in the middle of paving streets financed through Recovery Zone Economic Development bonds. This project should be finished by June 30, 2012.

- Buildings increased \$690,661. This represents the maintenance and repairs to all the City buildings with the three primary repairs being the replacement of the greens at the City golf course for approximately \$346,464, the replacement of a salt storage shed for approximately \$77,039, and the replacement of playground equipment at six different parks for approximately \$52,139.
- Equipment increased \$601,611. The increases are due to expenditures for various computer hardware and software for approximately \$44,244, a surveillance system for City Park for \$76,928, a backhoe for \$79,936, downtown wireless project for \$87,094, thermal imaging cameras for \$21,000, various equipment for public works \$120,443 and other miscellaneous items for the remaining \$171,966.
- Vehicles increased \$1,679,966. The increase in vehicles is due to the purchase of a ladder fire truck for approximately \$736,612, 8 vehicles purchased for police as part of the normal replacement rotation for approximately \$181,145, a side loading refuse truck for \$227,005, and an automated leaf truck for \$122,661. The remaining increases/ decreases in equipment and vehicles represent the typical activity of acquisitions of new equipment to replace old discarded equipment.

Business-type activities:

- The \$1.16 million increase in water and sewer lines is attributed to the completion of several water and sewer lines. These items include water and sewer lines (\$1,017,283), water and sewer taps (\$86,675), and an outfall (\$39,536). Lines donated to the City from developers of housing/commercial projects for the 2010-2011 fiscal year were valued at \$586,520.
- The increase in buildings is approximately \$369,426 which represents a cistern installed at the senior center to recycle rain water, 3 solar powered mixers installed on the three water tanks, as well as repairs to the current structures due the normal course of wear and tear.
- The remaining increases/ decreases in equipment and vehicles represent the typical activity of acquisitions of new equipment to replace old discarded equipment.
- No major demolitions were recorded this year.

Figure 6
City of Burlington Capital Assets
(net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 8,400,841	\$ 8,400,841	\$ 6,945,444	\$ 6,945,444	\$ 15,346,285	\$ 15,346,285
Buildings and system	26,654,721	26,934,120	53,180,986	54,990,964	79,835,707	81,925,084
Improvements other than buildings			64,858,126	65,535,208	64,858,126	65,535,208
Machinery and equipment	2,003,460	2,056,198	781,414	621,707	2,784,874	2,677,905
Infrastructure	15,871,926	16,283,111	-	-	15,871,926	16,283,111
Vehicles and motorized equipment	4,067,270	3,563,223	557,378	536,148	4,624,648	4,099,371
Construction in progress	2,870,641	1,509,590	2,740,930	1,093,702	5,611,571	2,603,292
Total	\$ 59,868,859	\$ 58,747,083	\$ 129,064,278	\$ 129,723,173	\$ 188,933,137	\$ 188,470,256

Additional information on the City's capital assets can be found in note III.A.4 of the Basic Financial Statements on pages 23-25.

Long-term debt. As of June 30, 2011, the City of Burlington had total bonded debt outstanding of \$46,406,602. This includes \$2.726 million of Recovery Zone Economic Development Bonds that is not shown in the table below. Of this amount, all is backed by the full faith and credit of the City.

Figure 7
City of Burlington's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 11,724,945	\$ 12,855,089	\$ 8,817,338	\$ 10,059,723	\$ 20,542,283	\$ 22,914,812
Revenue bonds**	-	-	23,135,863	-	23,135,863	-
Total	\$ 11,724,945	\$ 12,855,089	\$ 31,953,201	\$ 10,059,723	\$ 43,678,146	\$ 22,914,812

**Please note that the 2010 Revenue Bonds issued included the refunding of the 2004 COPS in the amount of \$10,700,000.

The City of Burlington's total debt showed a net increase of \$11,769,950 (35.8%) during the past fiscal year. The City issued \$22,525,000 in Revenue Bonds to pay for Jordan Lake mandates to retro fit the two waste water treatment plants, repairs to two dams, and to defease the 2004 COPS debt (approximately \$9,940,000, which is not shown in Figure 7 above). The City issued \$951,343 in installment financings, bearing an interest rate of 1.55%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3 year period. The decrease in debt for the governmental activities represents the normal shrinkage in debt due to payments made throughout the year.

As mentioned in the financial highlights of this document, the City of Burlington has maintained its bond ratings of AA for Standard & Poor's Corporation, and an Aa2, by Moody's Investor Services.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Burlington is \$324,066,747. The City has no bonds authorized but un-issued at June 30, 2011.

Additional information regarding the City of Burlington's long-term debt can be found in note III.B.6, beginning on page 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following key economic indicators reflect the challenges facing the City during these recessionary times.

- Steadily rising unemployment rate. From last year's average at 11.8%, the average rate has fallen to 10.4% for Alamance County, in which the City of Burlington is located. The area compares unfavorably with the State 9.9% and US averages at 9.3%.
- Interest rates are at approximately 0.71%, a 64% decrease over last fiscal year. The City's average yield has decreased by 1.25% over last

year, or 78%. Since no appropriated fund balance was used in 2011, the City's portfolio has remained stable. With the national economy maintaining its current status, it is projected for the portfolio to produce a comparable amount of investment income in 2012 as it did in 2011. There are mixed signals from the economy almost daily. Due to the opening of Tanger Outlet, retail sales are up significantly in Alamance County. This shopping center created new sales for the county and increased sales tax for 2011 over 2010 by \$1,065,942 or 13.5%.

- Both residential and commercial developments have shown an increase from the prior year, from 349 permits issued in the prior year to 437 permits issued for the fiscal year ending 6/30/2011. Even though this reflects a 25% increase, the actual number of permits is still relatively low. Commercial development had a 33% increase, with 151 permits issued in the prior year, and 261 permits issued for the fiscal year ending 6/30/2011. Both of these are signs that the economy is turning, albeit slowly, in the area.
- The City's largest taxpayer Laboratory Corporation has begun its expansion of one of its lab testing facilities located within the City. They are estimating the expansion to cost about \$26 million.
- A cooperative grocery/health foods store working with local farmers in the area has opened downtown. Other retail stores in the downtown area state that traffic in their stores has almost doubled since the opening of the co-op.
- The 3rd and final phase of Alamance crossing opened in October 2011, including Kohl's, Dick's Sporting Goods, BJ's, and Five Below.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2012

Governmental activities. Total revenues budgeted for the year ending 2012 will increase by \$491,086. This is on top of a \$864,474 in decreases in the prior two years. Property taxes are projected at a \$270,241 increase due to only minimal increases in growth. Sales tax has been projected to increase by another \$474,434 or 5.8%. The amount of sales tax budgeted, even though increased, is still 4% below actual sales tax received in the prior year. Interest earnings are projected to remain low, especially since the Federal Reserve Board has maintained the federal funds rate to 0.25%. No new programs were instituted in the 2012 budget. The City has begun to participate in performance measurement analysis. Specifically looking at indirect costs, performance measures validate that the dollar amount the general fund charges to the water and sewer fund for administrative charges is very reasonable.

Budgeted expenditures in the General Fund are projected to increase minimally by 1.0%, or \$491,086. The majority of the increase is for two reasons, the City Council passed a 2% merit increase for employees to be implemented in February 2012 as well as the police merit based pay plan for continuity in the police department. Again, as with recent prior years, each department head in his/her respective department in the General Fund was charged with matching any budgeted increases in a specific department with corresponding decreases, with the exception of the merit pay.

Business-type activities. Total revenue increased approximately \$1,503,316 over the previous fiscal year. Practically all of the increase is due to a second 7% increase in both the water and sewer rates that will be used to cover the projected debt payments expected with the issuance of revenue bonds in fiscal year 2012. Both water and sewer rates are double the inside rate for customers outside the corporate limits of the City. In addition, the "municipal service rate" remains the same such that the rate is now 110% of the inside sewer rate, thereby assuring that inside City customers would be paying the lesser rate for their sewer service.

Operating expenses are also budgeted to increase by \$1, 503,316, or 6.5%. The increases are primarily due to the projected debt payments that will occur from issuance of revenue bonds in fiscal year 2011 and 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Burlington's finances for all those with an interest in the City's finances and its accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Burlington Finance & Risk Management Department, P. O. Box 1358, Burlington, North Carolina 27216-1358.





**BASIC
FINANCIAL STATEMENTS**

City of Burlington, North Carolina
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 61,608,366	\$ 29,899,867	\$ 91,508,233	\$ 221,310
Taxes receivables (net)	1,208,850	-	1,208,850	-
Accrued interest receivable on taxes	484,452	-	484,452	-
Accounts receivable (net)	15,375,866	2,754,527	18,130,393	2,146
Internal balances	(416,732)	416,732	-	-
Inventories	-	794,932	794,932	-
Bond premium and fees	10,054	466,338	476,392	-
Prepaid items	-	3,600	3,600	-
Prepaid pension obligations	554,626	-	554,626	-
Restricted assets:				
Cash and cash equivalents	-	24,900,223	24,900,223	-
Accounts receivable	-	-	-	-
Total current assets	78,825,482	59,236,219	138,061,701	223,456
Noncurrent assets:				
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	11,271,482	9,686,374	20,957,856	-
Other capital assets, net of depreciation	48,597,378	119,377,904	167,975,282	-
Total capital assets	59,868,860	129,064,278	188,933,138	-
Total assets	\$ 138,694,342	\$ 188,300,497	\$ 326,994,839	\$ 223,456
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,359,351	\$ 319,181	\$ 2,678,532	\$ 9,860
Unearned revenue	343,206	-	343,206	-
Accrued interest payable	163,952	1,488,370	1,652,322	-
Customer deposit	-	514,714	514,714	-
Payable from restricted assets	-	617,891	617,891	-
Current portion of long-term liabilities	3,093,924	2,035,206	5,129,130	-
Total current liabilities	5,960,433	4,975,362	10,935,795	9,860
Noncurrent liabilities:				
Other postemployment benefits	1,501,640	158,897	1,660,537	-
Due in more than one year	16,279,708	30,480,236	46,759,944	-
Total noncurrent liabilities	17,781,348	30,639,133	48,420,481	-
Total liabilities	23,741,781	35,614,495	59,356,276	9,860
NET ASSETS				
Invested in capital assets, net of related debt	42,802,718	97,111,037	139,913,755	-
Restricted for:				
Capital projects	1,178,873	24,282,332	25,461,205	-
Public works	-	-	-	-
Public safety	556,472	-	556,472	-
Economic development	9,641,110	-	9,641,110	-
Stabilization by State Statute	6,168,948	-	6,168,948	-
Unrestricted	54,604,440	31,292,633	85,897,073	213,596
Total net assets	\$ 114,952,561	\$ 152,686,002	\$ 267,638,563	\$ 213,596

The notes to the financial statements are an integral part of this statement.

Exhibit 2

City of Burlington, North Carolina
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 9,782,111	\$ 2,507,577	\$ 16,713	\$ -
Public safety	20,077,388	306,973	470,269	-
Public works	8,931,972	1,290,419	1,860,346	-
Economic and physical development	1,367,129	9,777	1,096,345	-
Cultural and recreation	7,113,741	2,692,531	5,000	-
Interest on long-term debt	644,306	-	-	-
Total governmental activities (See Note 1)	47,916,647	6,807,277	3,448,673	-
Business-type activities:				
Storm water	310,474	447,628	-	-
Water and sewer	21,863,677	21,290,176	-	162,641
Total business-type activities	22,174,151	21,737,804	-	162,641
Total primary government	\$ 70,090,798	\$ 28,545,081	\$ 3,448,673	\$ 162,641
Component unit:				
Burlington Downtown Corporation	\$ 218,457	\$ 136,401	\$ 104,393	
Total component units	\$ 218,457	\$ 136,401	\$ 104,393	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local options sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

The notes to the financial statements are an integral part of this statements.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (7,257,821)		\$ (7,257,821)	\$ -
(19,300,146)		(19,300,146)	-
(5,781,207)		(5,781,207)	-
(261,007)		(261,007)	-
(4,416,210)		(4,416,210)	-
(644,306)		(644,306)	-
<u>(37,660,697)</u>	<u>-</u>	<u>(37,660,697)</u>	<u>-</u>
-	137,154	137,154	
-	(410,860)	(410,860)	
-	(273,706)	(273,706)	
<u>\$ (37,660,697)</u>	<u>\$ (273,706)</u>	<u>\$ (37,934,403)</u>	<u>\$ -</u>
			22,337
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,337</u>
25,121,552	-	25,121,552	-
8,954,940		8,954,940	
599,323		599,323	
3,688,785		3,688,785	
193,058	129,388	322,446	13
368,102	1,705,409	2,073,511	
-	-	-	-
<u>38,925,760</u>	<u>1,834,797</u>	<u>40,760,557</u>	<u>13</u>
<u>1,265,063</u>	<u>1,561,091</u>	<u>2,826,154</u>	<u>22,350</u>
<u>113,687,498</u>	<u>151,124,911</u>	<u>264,812,409</u>	<u>191,246</u>
<u>\$ 114,952,561</u>	<u>\$ 152,686,002</u>	<u>\$ 267,638,563</u>	<u>\$ 213,596</u>

The notes to the financial statements are an integral part of this statement.



City of Burlington
Balance Sheet
Governmental Funds
June 30, 2011

Exhibit 3

4

	MAJOR FUND		Total Governmental Funds
	General	Total Non-Major Funds	
ASSETS			
Cash and cash equivalents	\$ 28,095,848	\$ 2,826,025	\$ 30,921,873
Restricted cash	18,605,367	-	-
Receivables, net:			
Taxes	1,146,898	61,952	1,208,850
Accounts	6,222,894	1,489,164	7,712,058
Housing rehabilitation loans	-	2,445,828	2,445,828
Home incentive loans	-	4,981,405	4,981,405
Due from other funds	5,165	-	5,165
Total assets	\$ 54,076,172	\$ 11,804,374	\$ 47,275,179
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,304,530	\$ 427,919	\$ 1,732,449
Due to other funds	-	5,165	5,165
Deferred revenue	1,211,023	1,654,383	2,865,406
Unearned revenue	343,206	-	343,206
Total liabilities	2,858,759	2,087,467	4,946,226
Fund balances:			
Restricted:			
Stabilization by State Statute	6,163,934	5,014	6,168,948
Historic Books	1,418	-	1,418
Animal Shelter	562	-	562
Economic Development	-	7,606,888	7,606,888
Public Safety	-	422,854	422,854
Committed:			
Capital Improvements	-	1,204,506	1,204,506
Capital Reserve Fund	18,603,387	-	18,603,387
Assigned			
Subsequent Years Expenditures	1,636,986	505,148	2,142,134
General Government	4,316,000	-	4,316,000
Parks and Recreation	1,398,269	-	1,398,269
Public Safety	5,450,000	-	5,450,000
Public Works	700,000	-	700,000
Unassigned	12,946,857	(27,503)	12,919,354
Total fund balances	51,217,413	9,716,907	60,934,320
Total liabilities and fund balances	\$ 54,076,172	\$ 11,804,374	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Gross capital assets at historical costs - \$102,239,669 accumulated depreciation - (\$42,370,809.)	59,868,860
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	484,452
The pension assets resulting from contributions in excess of annual required contributions are not financial resources and therefore are not reported in the funds	554,626
Miscellaneous adjustments to net assets include investment income receivable and interest subsidy receivable	226,415
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(1,501,640)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(416,732)
Liabilities for earned but deferred revenues in fund statements.	2,865,406
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	11,464,384
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds. General obligation bonds-\$11,724,945 installment purchases-\$2,615,271, recovery zone economic development bonds-\$2,725,926, compensated absences-\$2,307,490, accrued interest-\$163,952 and bond issuance cost	(19,527,530)
Net assets of governmental activities	\$ 114,952,561

City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	Major Fund		Total Governmental Funds
	General Fund	Total Non-Major Funds	
REVENUES			
Ad valorem taxes	\$ 25,847,714	\$ 136,380	\$ 25,984,094
Other taxes and licenses	10,086,790	-	10,086,790
Unrestricted intergovernmental	4,279,142	165,674	4,444,816
Restricted intergovernmental	2,444,815	1,423,388	3,868,203
Permits and fees	868,641	-	868,641
Sales and services	3,951,132	31,930	3,983,062
Investment earnings	186,551	2,697	189,248
Miscellaneous	154,866	133,881	288,747
Total revenues	47,819,651	1,893,950	49,713,601
EXPENDITURES			
Current:			
General government	8,316,294	-	8,316,294
Public safety	18,004,760	649,583	18,654,343
Public works	7,962,307	-	7,962,307
Economic and physical development	-	1,619,663	1,619,663
Culture and recreation	5,462,738	165,455	5,628,193
Debt service:			
Principal	2,841,286	-	2,841,286
Interest and other charges	778,504	-	778,504
Capital outlay	2,582,912	2,016,128	4,599,040
Total expenditures	45,948,801	4,450,829	50,399,630
Excess (deficiency) of revenues over expenditures	1,870,850	(2,556,879)	(686,029)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	13,849	697,732	711,581
Transfers to other funds	(986,210)	(38,225)	(1,024,435)
Issuance of installment purchase	991,857	-	991,857
Total other financing sources (uses)	19,496	659,507	679,003
Net change in fund balance	1,890,346	(1,897,372)	(7,026)
Fund balances-beginning	49,327,067	11,614,279	60,941,346
Fund balances-ending	\$ 51,217,413	\$ 9,716,907	\$ 60,934,320

The notes to the financial statements are an integral part of this statement.

(continued)

**Exhibit 4
(continued)**

**City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	(7,026)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay- (\$4,599,040) exceeded depreciation-(\$3,299,049) and a gain (\$178,215) on disposal of assets in the current period</p>		
		1,121,776
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue for economic development loans receivable		139,265
Change in deferred revenue for street assessments		145,877
Change in accrued interest receivable		(39,625)
Change in pension asset		17,805
Change in deferred revenue for tax revenues		(862,542)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Issuance of debt- (\$991,857), principal expenditures- \$2,841,453 change in accrued interest payable- \$134,031 and net change ammortization \$2,490 and change in bond issuance cost (\$1,273))</p>		
		1,984,844
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(605,332)
Other post employment benefits		(785,161)
Net revenue of internal service funds determined to be governmental-type.		<u>155,182</u>
Total changes in net assets of governmental activities	\$	<u>1,265,063</u>

The notes to the financial statements are an intergral part of this statement.

Exhibit 5

City of Burlington
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 23,662,000	\$ 23,662,000	\$ 25,847,714	\$ 2,185,714
Other taxes and licenses	9,156,902	9,156,902	10,086,790	929,888
Unrestricted intergovernmental	3,918,000	3,918,000	4,279,142	361,142
Restricted intergovernmental	2,453,351	2,329,990	2,444,815	114,825
Permits and fees	754,400	646,400	868,641	222,241
Sales and services	3,520,806	3,800,028	3,951,132	151,104
Investment earnings	373,300	374,934	141,695	(233,239)
Miscellaneous	128,000	186,000	154,866	(31,134)
	<u>43,966,759</u>	<u>44,074,254</u>	<u>47,774,795</u>	<u>3,700,541</u>
Expenditures:				
Current:				
General government	8,564,358	9,324,850	8,455,779	869,071
Public safety	18,388,574	20,023,287	19,684,726	338,561
Public works	7,776,067	8,798,964	8,471,961	327,003
Cultural and recreation	5,423,229	5,732,574	5,716,545	16,029
Principal retirement	2,803,783	2,803,783	2,841,286	(37,503)
Interest and other charges	784,499	784,499	778,504	5,995
	<u>43,740,510</u>	<u>47,467,957</u>	<u>45,948,801</u>	<u>1,519,156</u>
Revenues over (under) expenditures	<u>226,249</u>	<u>(3,393,703)</u>	<u>1,825,994</u>	<u>5,219,697</u>
Other financing sources (uses):				
Transfers from other funds	-	13,900	13,849	(51)
Transfers to other funds	(1,863,235)	(2,025,233)	(2,025,233)	-
Installment Financing	-	991,857	991,857	-
	<u>(1,863,235)</u>	<u>(1,019,476)</u>	<u>(1,019,527)</u>	<u>(51)</u>
Revenues and other financing sources over (under) Expenditures and other financing uses	<u>(1,636,986)</u>	<u>(4,413,179)</u>	<u>806,467</u>	<u>\$ 5,219,646</u>
Fund balances appropriated	<u>1,636,986</u>	<u>4,413,179</u>		
Fund balances, beginning of year	-	-	<u>31,807,559</u>	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,614,026</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			\$ 44,856	
Transfer from General Fund			1,500,000	
Transfer to other Funds			(460,977)	
Fund balance beginning			<u>17,519,508</u>	
Fund Balance Ending (Exhibit 4)			<u>\$ 51,217,413</u>	

The notes to the financial statements are an integral part of this statement.

City of Burlington
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
ASSETS				
Cash and cash equivalents	\$ 28,632,657	\$ 1,267,210	\$ 29,899,867	\$ 12,081,116
Accounts receivable (net) - billed	1,318,848	25,971	1,344,819	-
Accounts receivable (net) - unbilled	1,391,164	18,544	1,409,708	-
Due from other funds	-	-	-	737
Prepaid assets	3,600	-	3,600	9,433
Inventories	794,932	-	794,932	-
Bond issuance costs	466,338	-	466,338	-
Restricted assets:				
Cash and cash equivalents	24,900,223	-	24,900,223	-
Accounts receivable	-	-	-	-
Total current assets	57,507,762	1,311,725	58,819,487	12,091,286
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	9,686,374	-	9,686,374	-
Other capital assets, net of depreciation	119,248,050	129,854	119,377,904	-
Capital assets (net)	128,934,424	129,854	129,064,278	-
Total noncurrent assets	128,934,424	129,854	129,064,278	-
Total assets	\$ 186,442,186	\$ 1,441,579	\$ 187,883,765	\$ 12,091,286
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,779,476	\$ 28,075	\$ 1,807,551	\$ 626,902
Due to other funds	-	-	-	-
Compensated absences - current	158,437	8,389	166,826	-
Customer deposits	514,714	-	514,714	-
Other postemployment benefits	85,556	-	85,556	-
General obligation bonds payable-current	1,222,824	-	1,222,824	-
Revenue bonds payable	560,000	-	560,000	-
Liabilities payable from restricted assets:				
Accounts payable	617,891	-	617,891	-
Total current liabilities	4,938,898	36,464	4,975,362	626,902
Noncurrent liabilities:				
Other noncurrent liabilities:				
Other postemployment benefits	158,897	-	158,897	-
Compensated absences	299,142	10,677	309,819	-
General obligation bonds payable-noncurrent (net)	7,594,554	-	7,594,554	-
Revenue bonds payable	22,575,863	-	22,575,863	-
Total noncurrent liabilities	30,628,456	10,677	30,639,133	-
Total liabilities	35,567,354	47,141	35,614,495	626,902
NET ASSETS				
Invested in capital assets, net of related debt	96,981,183	129,854	97,111,037	
Restricted for Capital projects	24,282,332	-	24,282,332	
Unrestricted	29,611,317	1,264,584	30,875,901	11,464,384
Total net assets	\$ 150,874,832	\$ 1,394,438	152,269,270	\$ 11,464,384
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			416,732	
Net assets of business-type activities			\$ 152,686,002	

The notes to the financial statements are an integral part of this statement.

City of Burlington
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 21,676,202	\$ 447,628	\$ 22,123,830	\$ 4,902,324
Water and sewer taps	131,945	-	131,945	-
Total operating revenues	<u>21,808,147</u>	<u>447,628</u>	<u>22,255,775</u>	<u>4,902,324</u>
OPERATING EXPENSES				
Building and administrative	2,590,995	-	2,590,995	-
Customer services	1,165,421	301,518	1,466,939	-
Supervision - lines	282,112	-	282,112	-
Line maintenance and repairs	1,125,566	-	1,125,566	-
Line services and construction	475,272	-	475,272	-
Supervision - treatment	666,981	-	666,981	-
Water source of supply	127,910	-	127,910	-
Water plant operations	2,833,180	-	2,833,180	-
Sewage treatment plant operations	4,009,886	-	4,009,886	-
Laboratories	610,945	-	610,945	-
Plants maintenance	593,236	-	593,236	-
Lakes and marinas	344,489	-	344,489	-
Depreciation	4,200,193	8,956	4,209,149	-
Claims paid, excess loss coverage and claims administration	-	-	-	5,277,520
Total operating expenses	<u>19,026,186</u>	<u>310,474</u>	<u>19,336,660</u>	<u>5,277,520</u>
Operating income (loss)	<u>2,781,961</u>	<u>137,154</u>	<u>2,919,115</u>	<u>(375,196)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	124,585	4,803	129,388	43,431
Interest and other charges	(1,795,271)	-	(1,795,271)	-
(Loss) on disposal of capital assets	(343,869)	-	(343,869)	-
Other revenues	1,705,409	-	1,705,409	-
Miscellaneous nonoperating expense	(1,042,220)	-	(1,042,220)	-
Total nonoperating revenue (expenses)	<u>(1,351,366)</u>	<u>4,803</u>	<u>(1,346,563)</u>	<u>43,431</u>
Income (loss) before contributions and transfers	1,430,595	141,957	1,572,552	(331,765)
Capital contributions	162,641	-	162,641	-
Transfers to other funds	(188,570)	-	(188,570)	-
Transfers from other funds	-	-	-	501,426
Change in net assets	1,404,666	141,957	1,546,623	169,661
Total net assets - beginning	<u>149,470,166</u>	<u>1,252,481</u>	<u>150,722,647</u>	<u>11,294,723</u>
Total net assets - ending	<u>\$ 150,874,832</u>	<u>\$ 1,394,438</u>	<u>\$ 152,269,270</u>	<u>\$ 11,464,384</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>14,468</u>	
Change in net assets - business-type activities			<u>\$ 1,561,091</u>	

The notes to the financial statements are an integral part of this statement.



City of Burlington
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds		Total	Internal Service Funds
	Water and Sewer Fund	Non-Major Storm Water Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 21,828,856	\$ 451,486	\$ 22,280,342	\$ 4,938,671
Cash paid for goods and services	(9,166,741)	(126,970)	(9,293,711)	(4,946,410)
Cash paid to or on behalf of employees for services	(5,203,268)	(137,033)	(5,340,301)	(338,076)
Net change in customer deposits	15,426	-	15,426	-
Net cash provided by operating activities	<u>7,474,273</u>	<u>187,483</u>	<u>7,661,756</u>	<u>(345,815)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in interfund payables	-	-	-	9,431
Transfers from other funds	-	-	-	501,426
Transfers to other funds	(188,570)	-	(188,570)	-
Total cash flows used by noncapital financing activities	<u>(188,570)</u>	<u>-</u>	<u>(188,570)</u>	<u>510,857</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,887,268)	(21,957)	(3,909,225)	-
Proceeds of revenue bonds	21,338,636	-	21,338,636	-
Principal paid on COPS financing	(9,830,714)	-	(9,830,714)	-
Principal paid on bond maturities	(1,333,986)	-	(1,333,986)	-
Interest and fees paid on debt maturities	(739,013)	-	(739,013)	-
Other capital revenues	1,705,409	-	1,705,409	-
Net cash used by capital and related financing activities	<u>7,253,064</u>	<u>(21,957)</u>	<u>7,231,107</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	124,585	4,803	129,388	43,431
Net increase in cash and cash equivalents	14,663,352	170,329	14,833,681	208,473
Balances-beginning of the year	38,869,528	1,096,881	39,966,409	11,872,643
Balances-end of the year	<u>\$ 53,532,880</u>	<u>\$ 1,267,210</u>	<u>\$ 54,800,090</u>	<u>\$ 12,081,116</u>
Reconciliation of Cash and Cash Equivalents:				
Cash and Cash Equivalents - Current	\$ 28,632,657	\$ 1,267,210	\$ 29,899,867	\$ 12,081,116
Cash and Cash Equivalents - Restricted	24,900,223	-	24,900,223	-
Total Cash and Cash Equivalents - June 30, 2011	<u>\$ 53,532,880</u>	<u>\$ 1,267,210</u>	<u>\$ 54,800,090</u>	<u>\$ 12,081,116</u>

(continued)

The notes to the financial statements are an integral part of this statement.

City of Burlington
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Water and Sewer Fund</u>	<u>Non-Major Storm Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 2,781,961	\$ 137,154	\$ 2,919,115	\$ (375,196)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,200,193	8,956	4,209,149	-
Changes in assets and liabilities:				
Decrease in accounts receivable	105,171	3,858	109,029	43,274
Increase in inventory	(2,978)	-	(2,978)	-
Increase in prepaid asset	-	-	-	163
Increase (decrease) in accounts payable and accrued liabilities	73,376	28,075	101,451	(14,056)
Increase (decrease) in accrued vacation pay	193,143	-	193,143	-
Increase in accrued OPEB liability	107,981	9,440	117,421	-
Increase in customer deposits	15,426	-	15,426	-
Total adjustments	<u>4,692,312</u>	<u>50,329</u>	<u>4,742,641</u>	<u>29,381</u>
Net cash provided by operating activities	<u>\$ 7,474,273</u>	<u>\$ 187,483</u>	<u>\$ 7,661,756</u>	<u>\$ (345,815)</u>
Noncash investing, capital, and financing activities:				
Donated water and sewer lines	<u>\$ 162,641</u>	<u>\$ -</u>	<u>\$ 162,641</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BURLINGTON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2011

I. Summary of Significant Accounting Policies:

The accounting policies of the City of Burlington and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Burlington is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

Burlington Downtown Corporation

The Burlington Downtown Corporation exists to promote economic and physical development in the downtown area. The Corporation is financed primarily by proceeds of property taxes levied on the Downtown Special Tax District by the City Council of the City of Burlington. The Corporation has a separate board that governs its operations. The City approves the annual budget of the Burlington Downtown Corporation. The Corporation, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for this component unit may be obtained from the Burlington Downtown Corporation, P.O. Box 761, Burlington, NC 27216.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

I. Summary of Significant Accounting Policies: (continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, public works, recreation, and general government services.

The City reports the following non-major governmental funds:

Special Revenue Funds. The Special Revenue funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has fifteen Special Revenue Funds: the Community Development Fund, the Rehabilitation Loan Program Fund, the Rental Rehabilitation Loan Program Fund, the Downtown Special Tax District Fund, the Home Program Project Fund, the RICO Fund, the Controlled Substance Tax Fund, the MPO Planning Transportation Fund, the Energy Efficiency Conservative Fund, the Guilford Mackintosh Fund, the Weed & Seed Fund Grant Program, the Medicare Part D Grant Project Fund, the Edward Byrne Justice Assistance Grant Fund, Governor Crime Commission Project Safe Neighborhood Grant Fund and the All Hazard Preparedness Grant – Lake Cammack.

Capital Projects. The Capital Project Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed in the enterprise fund) and infrastructure. The city has 7 projects at this time.

Capital Reserve Capital Project Fund. This fund is used to account for funds reserved for future capital projects.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for operations and maintenance of the water and sewer system, which includes operation of 2 waste water treatment facilities and 2 water treatment plants. This fund also covers acquisition and/or construction of major utility capital facilities and infrastructure projects, sewer projects and utility capital reserve.

I. Summary of Significant Accounting Policies: (continued)

The City reports the following non-major enterprise fund:

Storm Water Fund. This fund is used to account for the federally mandated program of storm water system management, which is supported by a city-wide storm water fee.

The City reports the following fund type:

Internal Service Fund. The Internal Service Funds account for the general insurance program of the City. The City of Burlington has three Internal Service Funds: the Dental Self-Insurance Fund, the Workers Compensation Self-Insurance Fund, and the Group Health Benefits Self-Insurance Fund.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered

I. Summary of Significant Accounting Policies: (continued)

motor vehicles in North Carolina. Effective with this change in the law, Alamance County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Burlington. For motor vehicles registered under the staggered system, property taxes are due on the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Alamance County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. An annual budget is also adopted for the following Special Revenue and Capital Project Funds: Rehabilitation Loan Program Fund, Rental Rehabilitation Loan Program Fund, Downtown Special Tax District Fund, Rico Fund, Guilford Mackintosh Fund, Controlled Substance Tax Fund, MPO Planning Transportation Fund, Capital Reserve Fund, and Drainage Improvement Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for all other Special Revenue and Capital Projects Funds. The City's Dental Self Insurance Fund, Workers Compensation Self Insurance Fund and Group Health Benefits Self Insurance Fund, intragovernmental service funds, operate under financial plans that were adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

I. Summary of Significant Accounting Policies: (continued)

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City and the Burlington Downtown Corporation are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Burlington Downtown Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Burlington Downtown Corporation may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Burlington Downtown Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's and the Burlington Downtown Corporation's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Burlington Downtown Corporation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2009. As allowed by State law, the City has established a schedule of discounts that apply to taxes paid prior to the due date. In the City's General Fund and Downtown Special Tax District Fund, ad valorem tax revenues are reported net of such discounts.

I. Summary of Significant Accounting Policies: (continued)

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when used rather than when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$10,000; and computer equipment, \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	40
Improvements	40
Vehicles	7
Furniture and equipment	10
Computer equipment	5

I. Summary of Significant Accounting Policies: (continued)

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policies of the City and the Burlington Downtown Corporation provide for the accumulation of up to forty-eight (48) days earned but unused annual leave, which would be paid to employees upon separation from the City. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The City has assumed a first in, first out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Both the City and the Burlington Downtown Corporation's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the Burlington Downtown Corporation has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

I. Summary of Significant Accounting Policies: (continued)

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Economic Development-portion of fund balance that is restricted by revenue source for use for economic development purposes.

Restricted for Public Safety-portion of fund balance that is restricted by revenue source for use for public safety purposes.

Restricted for Historic Books-portion of fund balance that is restricted by donor's for from the sale of a historical book on the architecture of Burlington and is restricted toward the restoration of the City.

Restricted for Animal Shelter-portion of fund balance that is restricted by donor's for the animal shelter.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Burlington's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Capital Improvements– portion of fund balance assigned by the Board for capital improvement projects.

Committed for Capital Reserve Fund-portion of fund balance assigned by the Board for capital Improvement projects.

Assigned fund balance – portion of fund balance that City of Burlington intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds.

Public Works- portion of fund balance that has been budgeted by the board for equipment in public works.

Recreation and Parks-portion of the fund balance that has been budgeted by the board for the carousel, community centers, swim complex, and camp green leaves projects in the recreation department.

Public Safety- portion of the fund balance that has been budgeted by the board for the animal shelter.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Burlington has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy; bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Burlington has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 4 months of expenditures which equals 33% of budgeted expenditures. Any portion of the general fund in excess of 33% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

II. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance pr Net Assets of Individual Funds

For the year ended June 30, 2011, the All Hazard Preparedness Grant – Lake Cammack Fund had a deficit of \$1,870 in fund balance. The grant is a multi-year grant and the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

For the year ended June 20, 2011, the Renovation of Existing Recreation & Park Facilities Fund had a deficit of \$25,633 in fund balance. The City will closely monitor this fund to assure that money is transferred from other funds to cover all expenditures.

III. Detail Notes on All Funds:

A. Assets

1. Deposits

All the deposits of the City and the Burlington Downtown Corporation are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's and Burlington Downtown Corporation's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Burlington Downtown Corporation, these deposits are considered to be held by the City's and the Burlington Downtown Corporation's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the Burlington Downtown Corporation, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the Burlington Downtown Corporation under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Burlington Downtown Corporation's deposits are all insured.

At June 30, 2011, the City's deposits had a carrying amount of \$22,735,098 and a bank balance of \$23,285,350. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Burlington Downtown Corporation was \$221,309 and the bank balance was \$221,309. All of the bank balance was covered by federal depository insurance. At June 30, 2011, the City's petty cash fund totaled \$5,030.

2. Investments

At June 30, 2011, the City's investments were as follows:

Investment Type	Fair Value	Maturity	Rating
Commercial Paper – Bank of America	27,296,080	various	A-1
Commercial Paper – FCAR Trust II	10,458,673	various	A-1
Commercial Paper – FCAR Trust Ser I	6,239,718	various	A-1+
Commercial Paper - CitiGroup	10,023,600	various	A-1
NC Capital Management Trust – Cash Portfolio	30,820,732	N/A	AAAm
NC Capital Management Trust – Term Portfolio	8,817,678	0.11 years	Unrated
Total:	\$ 93,656,481		

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Cash Portfolio is rated AAAm by Standard and Poor's as of June 30, 2011. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. Investments in commercial paper purchased by the City are rated either A1/P1 by Standard and Poor's or Moody's Investors Service. On September 21, 2011, Moody's Investor Service downgraded CitiGroup commercial paper from P1 to P2. The City intends on divesting this investment upon maturity.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk, but management procedures are that the City shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the City's name.

3. Receivables

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Assets includes penalties levied and outstanding in the amount of \$25,793.

The amounts presented in Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/11</u>
General Fund:	
Taxes receivable	\$ 962,853
Solid Waste receivables	511,576
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	109,978
Home Incentive Loans	6,112
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	31,341
Downtown Special Tax District Fund:	
Taxes Receivable	43,620
Home Program Fund:	
Home Incentive Loans	254,934
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>64,503</u>
Total	<u>\$ 1,984,917</u>

III. Detail Notes on All Funds: (continued)4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	8,400,841	\$ -	\$ -	\$ 8,400,841
Construction in progress	<u>1,509,590</u>	<u>1,505,975</u>	<u>144,924</u>	<u>2,870,641</u>
Total capital assets not being depreciated	<u>9,910,431</u>	<u>1,505,975</u>	<u>144,924</u>	<u>11,271,482</u>
Capital assets being depreciated:				
Buildings	41,532,296	690,661	13,751	42,209,206
Streets and sidewalks	28,104,537	265,751	-	28,370,288
Equipment	6,881,386	601,611	500,016	6,982,981
Vehicles	<u>12,249,245</u>	<u>1,679,966</u>	<u>523,500</u>	<u>13,405,711</u>
Total capital assets being depreciated	<u>88,767,464</u>	<u>3,237,989</u>	<u>1,037,267</u>	<u>90,968,186</u>
Less accumulated depreciation for:				
Buildings	14,598,176	964,284	7,975	15,554,485
Streets and sidewalks	11,821,426	676,936	-	12,498,362
Equipment	4,825,188	586,544	432,211	4,979,521
Vehicles	<u>8,686,022</u>	<u>1,071,285</u>	<u>418,866</u>	<u>9,338,441</u>
Total accumulated depreciation	<u>39,930,812</u>	<u>3,299,049</u>	<u>859,052</u>	<u>42,370,809</u>
Total capital assets being depreciated, net	<u>48,836,652</u>			<u>48,597,377</u>
Governmental activity capital assets, net	<u>58,747,083</u>			<u>59,868,859</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 832,010
Public safety	666,259
Public works	716,334
Cultural and recreational	<u>1,084,446</u>
Total depreciation expense	<u>\$ 3,299,049</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Storm Water Fund				
Capital assets being depreciated:				
General equipment	\$ 142,919	\$ -	\$ -	\$ 142,919
Vehicle	-	21,957	-	21,957
Total capital assets being depreciated	142,919	21,957	-	164,876
Less accumulated depreciation for:				
General equipment	26,066	8,956	-	35,022
Total accumulated depreciation	26,066	\$ 8,956	\$ -	35,022
Total capital assets being depreciated, net	116,853			129,854
Storm water fund capital assets, net	116,853			129,854
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	6,945,444	-	-	6,945,444
Construction in progress	1,093,702	1,835,437	188,209	2,740,930
Total capital assets not being depreciated	8,039,146	1,835,437	188,209	9,686,374
Capital assets being depreciated:				
Water and sewer lines	97,937,134	1,159,129	-	99,096,263
Buildings, plant, and pumping equipment	111,912,039	369,426	-	112,281,465
General equipment	2,710,576	259,265	11,962	2,957,879
Vehicles	2,380,333	93,250	13,500	2,460,083
Total capital assets being depreciated	214,940,082	1,881,070	25,462	216,795,690
Less accumulated depreciation for:				
Water and sewer lines	32,401,926	1,836,211	-	34,238,137
Buildings, plant, and pumping equipment	56,921,075	2,179,404	-	59,100,479
General equipment	2,205,722	90,601	11,961	2,284,362
Vehicles	1,844,185	93,977	13,500	1,924,662
Total accumulated depreciation	93,372,908	\$ 4,200,193	\$ 25,461	97,547,640
Total capital assets being depreciated, net	121,567,174			119,248,050
Water and Sewer fund capital assets, net	129,606,320			128,934,424
Business-type activity capital assets, net	\$ 129,723,173			\$ 129,064,278

III. Detail Notes on All Funds: (continued)**Construction Commitments**

The government has active construction projects as of June 30, 2011. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Street Resurfacing	\$ 1,278,677	\$ 148,585
Church Street Waterline Replacement	83,446	82,241
Franchise Work	3,575	20,000
Total	\$ 1,365,698	\$ 250,826

B. Liabilities1. Pension Plan Obligationsa. Local Governmental Employees' Retirement System

Plan Description. The City of Burlington contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Burlington are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$1,644,642, \$1,190,300, and \$1,195,960, respectively. The contributions made by the City equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance1. *Plan Description.*

The City of Burlington administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

III. Detail Notes on All Funds: (continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>125</u>
Total	<u>150</u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies.*

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 385,694
Interest on net pension obligation	(26,841)
Adjustment to annual required contribution	<u>28,740</u>
Annual pension cost	387,593
Contributions made	<u>405,398</u>
(Decrease) in net pension obligation	(17,805)
Net pension obligation beginning of year	<u>(536,821)</u>
Net pension obligation end of year	<u>\$ (554,626)</u>

III. Detail Notes on All Funds: (continued)

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	288,703	144.91%	(439,044)
6/30/10	313,873	131.15%	(536,821)
6/30/11	387,593	104.59%	(554,626)

4. *Funded Status and Funding Progress.*

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,027,810. The covered payroll (annual payroll of active employees covered by the plan) was \$6,454,034, and the ratio of the UAAL to the covered payroll was 67.81%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

5. *Actuarial Methods and Assumptions*

The annual required contribution (ARC) for the fiscal year ended June 30, 2011 is calculated as of December 31, 2010. In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, projected salary increases at 4.5-7.85% and a 3.00% inflation component. The actuarial value of assets was determined using a market valuation. The UAAL is being amortized on a level percent of pay closed. The remaining amortization period at December 31, 2010 was 20 years.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were \$451,634, which consisted of \$295,667 from the City and \$155,967 from the law enforcement officers. The City has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. Contributions for the year ended June 30, 2011 for general employees were \$1,454,718, which consisted of \$471,927 from the City and \$982,791 from the general employees.

III. Detail Notes on All Funds: (continued)

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Burlington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2011, the City has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$70,125.

e. Other Post-employment Benefits

1. Healthcare Benefits

In addition to the pension benefits described in Note 1, the City provides post-employment health care benefits to retirees who were hired prior to July 1, 2011 and City Council members of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City pays the full cost of coverage for employees who retire with 25 years of creditable service; 75% of the cost of coverage for retirees with 20 years of creditable service; 50% of the cost of coverage for retirees with 15 years of creditable service; and 25% of the cost of coverage for retirees with 10 years of creditable service. The City pays the full cost of coverage for City Council members with 16 years of service; 75% of the cost for City Council members with 12 years of service; 50% of the cost of coverage for City Council members with 8 years of service; and 25% of the cost of coverage for City Council members with 4 years of service. The City's contribution will cease when the retiree reaches age 65. At this point in time, some City retirees are eligible for Medicare supplement reimbursement. The retiree must have been covered under the City's health plan immediately before reaching age 65. The Medicare supplement reimbursement is also based on years of service. The City pays \$159 per month of the Medicare supplement for employees who retire with 25 years of creditable service; 75% of this amount of Medicare supplement for employees who retire with 20 years of creditable service, 50% of this amount of the Medicare supplement for employees who retire with 15 years of creditable service; and 25% of this amount of the Medicare supplement for employees who retire with 10 years of creditable service. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Currently, 133 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2011, the city made payments for post-employment health benefit premiums of \$961,492. The City obtains healthcare coverage through private insurers.

The City also provides dental coverage to retirees of the City. The City will pay 100% of the dental premium for employees who retire with 25 years of service, 75% for employees who retire with 20 years of service, 50% for employees who retire with 15 years of service, and 25% for employees with 10 years of service. When a retired employee reaches age 65, the employee is responsible for 100% of the cost of the premium for dental coverage. The dental coverage ceases at age 70. The plan has no deductible and will pay a maximum of \$1,500 per year for any service provided by a local dentist.

III. Detail Notes on All Funds: (continued)

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	162	-
Active plan members	<u>441</u>	<u>125</u>
Total	<u>603</u>	<u>125</u>

Funding Policy. The City pays a portion of or up to the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Council. The City's members pay 100% for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 8.20% of annual covered payroll. For the current year, the City contributed \$796,275 or 3% of annual covered payroll toward actual benefit payments. The City obtains health care and dental coverage through a self-funded program and through a private insurer for life insurance benefits. The City's obligation to contribute to the plan is established and may be amended by the City Council during the budget process.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Internal Service Fund, which is maintained on the modified accrual basis of accounting. Internal changes are made to various other City funds for the respective active employees, based upon the pre-determined City Contribution rate. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 1,640,811
Interest on net OPEB obligation	35,998
Adjustment to annual required contribution	<u>34,389</u>
Annual OPEB cost (expense)	1,642,420
Contributions made	<u>796,275</u>
Increase (decrease) in net OPEB obligations	846,145
Net OPEB obligation, beginning of year	<u>899,948</u>
Net OPEB obligation, end of year	<u>\$ 1,746,093</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 1,240,297	58.70%	\$ 512,613
2010	\$ 1,243,110	68.80%	\$ 899,948
2011	\$ 1,642,420	48.50%	\$ 1,746,093

III. Detail Notes on All Funds: (continued)

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$25,648,600. The covered payroll (annual payroll of active employees covered by the plan) was \$24,696,478, and the ratio of the UAAL to the covered payroll was 103.90% percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using a market valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

2. Other Employment Benefit

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the City made contributions to the State for death benefits of \$23,585. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

III. Detail Notes on All Funds: (continued)

The Local Government Employees Retirement System provides group-term life insurance to City employees ranging from \$25,000 up to \$50,000 depending on their salary. The City also provides group-term life insurance equal to one and a half times the employee's salary up to a maximum of \$150,000. Any amount of the two coverages combined that exceeds \$50,000 is taxed as an employee fringe benefit and included on the employee's annual W-2.

3. Deferred Revenues/Unearned Revenues

The balance in deferred/unearned revenues at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned	\$	\$ 169,750
Taxes receivable (net) – general fund	1,146,898	
Taxes receivable (net) – Downtown Special Tax	61,952	
Home loan interest receivable	1,592,432	
Prepaid licenses and fees		173,456
Vacant lot and demolition assessments receivable	<u>64,124</u>	<u> </u>
Total	<u>\$ 2,865,406</u>	<u>\$ 343,206</u>

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City partially self-insures workers compensation coverage, with commercial insurance providing coverage for workers compensation claims in excess of \$200,000 per claim (\$225,000 if a vehicle claim). The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$1,000,000 annually. The City also retains the risk for Employers' Liability Coverage of \$500,000 in aggregate annually. At June 30, 2011 the Workers Compensation Self Insurance Fund had recorded a liability of 130,000 for estimated unpaid claims.

The City provides its employees with dental coverage through a choice of self-insurance plans. Covered claims are limited to a maximum of \$550 per employee annually. At June 30, 2011, the Dental Self Insurance Fund had recorded a liability of \$63,779 for estimated unpaid claims.

On July 1, 1999, the City began to partially self-insure group health benefits, with commercial insurance providing coverage for health benefit claims in excess of \$75,000 per claim. The commercial coverage provides \$925,000 in coverage for claims in excess of the City's assumed claim risk of \$75,000. The City also has commercial coverage for claims exceeding approximately \$1,809,000 in aggregate annually. At June 30, 2011 the Group Health Benefits Fund had a recorded liability of \$426,834 for estimated unpaid claims.

III. Detail Notes on All Funds: (continued)

A summary of changes in the liability recorded for estimated unpaid claims follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2011</u>
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 246,192	\$ 246,192	\$ 130,000
Dental Self Insurance Fund	66,120	426,186	428,527	63,779
Group Health Benefits Fund	<u>442,496</u>	<u>3,786,773</u>	<u>3,802,434</u>	<u>426,835</u>
	<u>\$ 638,616</u>	<u>\$ 4,459,151</u>	<u>\$ 4,477,153</u>	<u>\$ 620,614</u>

	<u>Balance</u> <u>July 1, 2010</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2010</u>
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 342,842	\$ 342,842	\$ 130,000
Dental Self Insurance Fund	42,538	410,654	387,072	66,120
Group Health Benefits Fund	<u>350,114</u>	<u>4,157,723</u>	<u>4,065,341</u>	<u>442,496</u>
	<u>\$ 522,652</u>	<u>\$ 4,911,219</u>	<u>\$ 4,795,255</u>	<u>\$ 638,616</u>

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City has obtained flood insurance coverage through Millennium Insurance Group; the City has purchased coverage of \$1,000,000 per occurrence.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and assistant finance officer are each individually bonded for \$100,000 and the tax collector is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

The Burlington Downtown Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Burlington Downtown Corporation has property, general liability, workers' compensation, and employee health coverages. Claims have not exceeded coverage in any of the past three fiscal years and there has been no significant reduction in insurance coverage in the prior year.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2011, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

III. Detail Notes on All Funds: (continued)

6. Long-Term Obligations

a. Installment Purchase

On October 11, 1995, the City entered into an installment purchase contract to finance recreational facility improvements. The financing contract requires thirty semi-annual payments of \$161,471 beginning April 11, 1996 with interest at 4.91% per annum. On September 2, 2003, the City amended its original financing contract to finance the recreational facility improvements. The financing contract now requires fifteen semi-annual payments of \$146,562 beginning October 11, 2003 with interest at 2.6% per annum. On May 13, 2002 the City entered into a second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract requires thirty semi-annual payments of \$133,333 beginning November 13, 2002 with interest at 4.78% per annum. On August 15, 2003, the City amended its second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract now requires twenty-eight semi-annual payments of \$133,333 beginning November 13, 2003 with interest at 3.840% per annum. On November 30, 2008, the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$455,041 beginning November 30, 2008 with interest at 3.01% per annum. The installment was paid in full at June 30, 2010. On April 22, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$366,492 beginning April 22, 2010 with interest at 2.05% per annum. On September 28, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$335,717 beginning September 28, 2010 with interest at 1.550% per annum.

Annual debt service payments of the installment purchase as of June 30, 2011, including \$222,336 of interest, are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2012	\$ 951,343	\$ 76,412
2013	597,260	53,764
2014	266,667	38,400
2015	266,667	28,160
2016	266,667	17,920
2017	<u>266,667</u>	<u>7,680</u>
Present value of the minimum lease payments	<u>\$ 2,615,271</u>	
Total interest payments		<u>\$ 222,336</u>

b. General Obligation Indebtedness

The City's general obligation bonds serviced by the governmental funds were issued for the acquisition of public safety equipment. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.

III. Detail Notes on All Funds: (continued)

Bonds payable at June 30, 2011 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$5,521,801 of 2005 General Obligation Refunding Bonds due in annual installments of \$31,305 to \$662,616 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 4,702,622

\$9,300,000 of 2006 General Obligation Street Bonds due in annual installments of \$465,000 through June 1, 2026; interest at rates ranging from 3.60% to 4.20% per annum. The amount shown includes the unamortized bond premium of \$47,322. 7,022,323

Serviced by the Water and Sewer Fund:

\$10,353,198 of 2005 General Obligation Refunding Bonds due in annual installments of \$58,695 to \$1,242,384 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 8,817,378
\$ 20,542,323

At June 30, 2011 the City of Burlington had a legal debt margin of \$324,066,663.

General Obligation Bonds

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2012	\$ 1,117,177	\$ 486,630	\$ 1,222,824	\$ 375,570
2013	1,110,219	441,942	1,209,781	326,656
2014	1,105,002	397,534	1,199,998	278,266
2015	1,103,263	346,934	1,196,737	218,266
2016	1,103,263	296,420	1,196,737	158,429
2017-2021	3,813,699	864,366	2,791,301	190,158
2022-2026	<u>2,325,000</u>	<u>290,160</u>	-	-
Total	<u>\$ 11,677,623</u>	<u>\$ 3,123,986</u>	<u>\$ 8,817,378</u>	<u>\$ 1,547,345</u>

c. Recovery Zone Economic Development Bonds

\$2,899,000 of Recovery Zone Economic Development Bonds (Direct Payment) with 1 payment of \$173,074 and 14 installments of \$194,709 due on February 1 maturing on February 1, 2025; plus interest at 5.89% due on August 1 and February 1. The city receives a subsidiary of 45% of interest cost from the Federal Government reducing the effective interest rate to 2.65%. \$ 2,725,926

III. Detail Notes on All Funds: (continued)Recovery Zone Economic Development Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>	<u>Net Interest</u>
2012	\$ 194,709	\$ 160,557	\$ 72,250	\$ 88,307
2013	194,709	149,088	67,090	81,998
2014	194,709	137,620	61,930	75,690
2015	194,709	126,152	56,768	69,381
2016	194,709	114,684	51,608	63,076
2017-2021	973,545	401,392	180,627	220,765
2022-2025	<u>778,836</u>	<u>114,681</u>	<u>51,608</u>	<u>63,073</u>
Total	<u>\$ 2,725,926</u>	<u>\$ 1,204,174</u>	<u>\$ 541,881</u>	<u>\$ 662,290</u>

At June 30, 2011, the City of Burlington had a legal debt margin of .

d. Revenue Bonds

\$11,825,000 of Combined Enterprise System Revenue bonds, Series 2010A Interest is payable semiannually on February 1st and August 1st at a fixed rate ranging from 3.0% to 5.0%. Principal amounts will be due on February 1st beginning in 2012 and maturing in 2024.

\$ 11,825,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 960,000	\$ 537,176
2013	1,045,000	464,525
2014	1,060,000	412,275
2015	1,085,000	359,275
2016	1,080,000	329,438
2017-2021	4,630,000	977,340
2022-2024	<u>1,965,000</u>	<u>176,426</u>
	<u>\$ 11,825,000</u>	<u>\$ 3,256,455</u>

\$10,700,000 of Combined Enterprise System Revenue bonds, Series 2010B Build America Bonds (Direct Payment). Interest is payable semiannually on February 1st and August 1st at a fixed rate of 5.412% to 6.975%. The City will receive a subsidy of 35 percent of interest cost from the Federal Government.

\$ 10,700,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 765,293
2013	-	702,820
2014	-	702,820
2015	-	702,820
2016	-	702,820
2017-2021	915,000	3,489,746
2022-2026	2,605,000	2,974,379
2027-2031	3,195,000	2,061,541
2032-2036	<u>3,985,000</u>	<u>858,274</u>
	<u>\$ 10,700,000</u>	<u>\$ 12,960,513</u>

III. Detail Notes on All Funds: (continued)

Revenue bonds (continued)

The City has pledged future water and sewer customer revenues, net of specified operating expenses, for repayment of \$38,741,968 in water and sewer system revenue bonds issue 2010A and 2010 B. Proceeds from the bonds provided financing for various upgrades and repairs to the city's dams, water and sewer plants. The bonds are payable solely from water and sewer customer net revenues and are payable through 2036. The total principal and interest remaining to be paid on all outstanding series of revenue bonds was \$38,741,968 as of June 30, 2011. Certain financial covenants are combined in the revenue bond order, including a covenant to budget and collect revenues in the combined enterprise system sufficient enough to pay the principal and interest requirements and maintain unrestricted net assets at a level that provides that 15% of unrestricted net assets on the last day of the fiscal year is not less than 120% of the long-term debt service requirement for parity indebtedness for such fiscal year. Pledged unrestricted net assets at June 30, 2011 were \$4,693,895 to provide a coverage ratio of 838%. The City also has \$10,059,784 of System GO Indebtedness outstanding that is associated with the bonds.

e. Revolving Loan

The City entered into an agreement with the Department of Environment and Natural Resources for an ARRA loan for \$65,000. The term of the loan shall not exceed 20 years at an interest rate of zero percent per annum. Principal equivalent to ½ of the total project cost of \$32,500 was forgiven. The City has opted to make one payment of \$32,500. The loan was paid in full at June 30, 2011.

f. Advance Refunding

On September 1, 2005, the City issued \$15,875,000 in general obligation Refunding Bonds with interest at rates ranging from 3.50% to 5.00% to advance refund \$15,700,000 of outstanding 2000 General Obligation Public Improvement Bonds with interest rates ranging from 5.00% to 5.20%. The total of the bonds advance refunded by the City was \$15,875,000. The net proceeds of the \$15,875,000 refunding bonds were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded bonds. As a result, the refunded bonds are considered defeased and the liability for the refunded bonds has been removed from the General Fund and Water and Sewer Fund. At June 30, 2006, there was no principal balance outstanding on the refunded bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$175,000. This difference related to water and sewer bonds, net of current year's amortization of \$114,130, is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations through the year 2010, the life of the refunded debt which is shorter than the life of the new debt, using the effective-interest method. The bond issuance costs associated with the advance refunding were capitalized and are being amortized over the life of the refunded debt. The City completed the advance refunding to reduce its total future debt service payments by \$1,955,663.

On December 31, 2010 the City issued \$11,825,000 in Combined System Revenue Bonds with interest ranging from 2.75% to 5% with a final maturity in 2024. These bonds were issued to defease the 2004 Certificates of Participation and for the water and sewer project. The amount defeased was \$9,940,000. The net proceeds of \$8,963,078 along with the City's payment of \$2,100,391 were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Certificates. As a result, the liabilities for the 2004 Certificates of Participation have been removed from the Water & Sewer Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$153,460. This difference related to water and sewer certificates is reported in the accompanying financial statements as an addition to bonds payable and is being amortized over the life of the new debt. The bond issuance costs associated with the advance refunding were capitalized and are being amortized over the life of the refunded debt. The City completed the advance refunding to reduce its total future debt service payments by \$1,614,608.

III. Detail Notes on All Funds: (continued)g. Changes in Long-Term Liabilities

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion of Balance
Governmental activities:					
General Obligation bonds	\$ 12,805,277	\$ -	\$ 1,127,654	\$ 11,677,623	\$ 1,117,176
Add: Bond premium	49,812	-	2,490	47,322	-
Total General Obligation bonds	\$ 12,855,089	\$ -	\$ 1,130,144	\$ 11,724,945	\$ 1,117,176
RZED Bonds	\$ 2,899,000	\$ -	\$ 173,074	\$ 2,725,926	\$ 194,709
Installment purchase	\$ 3,164,139	\$ 991,857	\$ 1,540,725	\$ 2,615,271	\$ 951,343
Compensated absences	1,702,158	1,369,089	763,757	2,307,490	830,696
OPEB liability	716,479	785,161	-	1,501,640	525,574
Governmental activity long-term liabilities	\$ 21,336,865	\$ 3,146,107	\$ 3,607,700	\$ 20,875,272	\$ 3,619,498
Business-type activities:					
General obligation bonds	\$ 10,059,723	\$ -	\$ 1,242,385	\$ 8,817,338	\$ 1,222,824
Revenue Bonds	\$ -	\$ 22,525,000	\$ -	\$ 22,525,000	\$ 560,000
Add: deferred amount for gain on defeasance	-	153,460	5,902	147,558	-
Add: Bond premium	-	481,837	18,532	463,305	-
Total revenue bonds	\$ -	\$ 23,160,297	\$ 24,434	\$ 23,135,863	\$ 560,000
Revolving Loan	\$ 32,500	\$ 118,190	\$ 150,690	\$ -	\$ -
Compensated absences	274,061	315,013	112,429	476,645	166,826
OPEB liability	136,472	107,981	-	244,453	85,556
Certificate of Participation	9,940,000	-	9,940,000	-	-
Business-type activity long-term liabilities	\$ 20,442,756	\$ 23,701,481	\$ 11,469,938	\$ 32,674,299	\$ 2,035,206

Compensated absences for governmental activities has typically been liquidated in the General Fund.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2011, consist of the following:

Due To/From Other Funds:

Fund	Due From	Due To
General Fund	5,165	
Rehab Loan	-	98
Community Development	-	5067
Total Due to/from Other Funds	\$ 5,165	\$ 5,165
Due to Internal Service Funds for its activity allocation to the Proprietary Funds		\$ 14,468

III. Detail Notes on All Funds: (continued)

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2011 consist of the following:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Transfers To/From Other Funds:</u>		
<u>General Fund</u>		
Capital Reserve Fund		1,500,000
Group Health Benefits		35,000
MPO Planning Transportation		92,379
Workmen's Compensation		277,854
Weed & Seed	13,849	
Renovation Existing Recreation Park Facility		<u>120,000</u>
Total General Fund	<u>13,849</u>	<u>2,025,233</u>
<u>Capital Reserve Fund</u>		
General Fund	1,500,000	
Drainage Improvements		25,000
ERP System Project		250,000
Renovation Existing Recreation Park Facility		<u>185,977</u>
Total Capital Reserve	<u>1,500,000</u>	<u>460,977</u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	92,379	
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	24,376	
Weed & Seed		
General Fund		13,849
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund		<u>24,376</u>
Total Special Revenue Fund	<u>116,755</u>	<u>38,225</u>

III. Detail Notes on All Funds: (continued)

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
General Fund	35,000	
Water & Sewer Fund	70,000	
Workmen's Compensation Fund		
General Fund	277,854	
Water & Sewer Fund	<u>118,570</u>	
Total Internal Service Fund	<u>501,424</u>	
<u>Water Fund</u>		
Water Capital Reserve		872,973
Sewer Capital Reserve		872,973
Workmen's Compensation		118,570
Group Health Insurance		70,000
Senior Center ARRA Cistern Project Ord.		10,592
Mebane St./St. John Culvert	16,398	
Senior Ctr ARRA Cistern Project Ord.	206,100	
Stoney Creek and Lake Cammack Dams Project	<u>542,352</u>	
Total Water Fund	<u>764,850</u>	<u>1,945,108</u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Stoney Creek Lake Cammack Dams	419,000	
Water & Sewer Fund	872,973	
Jordan Lake Rules Project	125,000	
Sewer Capital Reserve		
Water & Sewer Fund	872,973	
Jordan Lake Rules Project	125,000	
Stoney Creek and Lake Cammack Dams Project		
Water & Sewer Fund		542,352
Water Capital Reserve		419,000
Jordan Lake Rules Project		
Water & Sewer Fund		206,100
Water Capital Reserve		125,000
Sewer Capital Reserve		125,000
Senior Center ARRA Cistern Project		
Water & Sewer Fund	10,592	
Mebane St. - St. John Culvert		
Water & Sewer Fund		<u>16,398</u>
Total Water Capital Projects	<u>2,425,538</u>	<u>1,433,850</u>

III. Detail Notes on All Funds: (continued)

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Capital Projects</u>		
ERP System Project		
Capital Reserve Fund	250,000	
Renovation of Existing Rec. & Park Facilities		
Capital Reserve	185,977	
General Fund	120,000	
Drainage Improvement Project		
Capital Reserve Fund	<u>25,000</u>	
 Total Capital Projects	 <u>580,977</u>	
 Total Operating Transfers	 <u>\$ 5,903,393</u>	 <u>\$ 5,903,393</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

D. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2011, the City of Burlington has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$29,422 for the 88 employed fireman who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$40,703 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2011. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance – General Fund	\$32,614,026
Less:	
Stabilization by State Statute	6,163,934
Historic Books	1,418
Animal Shelter	562
Appropriated Fund Balance in 2012 budget	1,636,986
General Government	4,316,000
Public Works	700,000
Parks and Recreation	1,398,269
Public Safety	5,450,000
Working Capital/Fund Balance Policy	12,946,857
Remaining Fund Balance	-

IV. Jointly Governed Organization

The City, in conjunction with six counties and thirty-two other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$14,406 to the Council during the fiscal year ended June 30, 2011.

V. Joint Ventures

The City, in conjunction with the City of Graham, participates in the Burlington-Graham Board of Alcoholic Control. Each participating government appoints two members to the five-member board. The two governments jointly appoint one member to the Board. The ABC Board is a joint venture established to facilitate control over alcoholic beverages within the two cities. The City of Burlington and the City of Graham are legally obligated under the intergovernmental agreement that created the ABC Board to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The two cities were not required to contribute to the ABC Board during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, City of Graham, NC 27253.

The City, in conjunction with Alamance County, participates in the Burlington-Alamance Airport Authority. Each participating government appoints two members to the five member board. The two governments jointly appoint one member to the board. The Airport Authority is a joint venture established to maintain airport facilities in the County of Alamance for the citizens of Burlington, Alamance County and vicinity. The City has an ongoing financial responsibility for the Airport Authority because it and the County are legally obligated under the intergovernmental agreement that created the Airport Authority to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The City contributed \$232,500 to the Airport Authority during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements on the Airport Authority can be obtained from the Airport Authority's administrative office at 3441A N. Aviation Drive, Burlington, NC 27215.

VI. Related Organization

The members of the governing board of the Burlington Housing Authority are appointed by the City but the City has no authority in selecting the management of the Authority. The City is not responsible for financing any deficits of the Authority nor is it entitled to any surpluses. The Authority does operate within the geographical boundaries of the City and is for the benefit of the residents of the City. The City exercises no financial or budgetary control over the Authority.

VII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.





**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**
Individual Fund Schedules

**REQUIRED
SUPPLEMENTAL FINANCIAL DATA**

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.

CITY OF BURLINGTON, NORTH CAROLINA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/05	-	2,926,068	2,926,068	-%	4,548,732	64.33%
12/31/06	-	2,888,027	2,888,027	-%	4,821,106	59.90%
12/31/07	-	3,305,028	3,305,028	-%	5,104,180	64.75%
12/31/08	-	3,440,042	3,440,042	-%	5,660,065	60.78%
12/31/09	-	4,198,917	4,198,917	-%	6,192,080	67.81%
12/31/10		4,027,810	4,027,810	-%	6,454,034	62.41%

* Information is based on the actuarial studies performed as of December 31, 2010, 2009, 2008, 2007, 2006, and 2005, respectively. No actuarial studies were performed for the City prior to 1996.

** At Cost.

CITY OF BURLINGTON, NORTH CAROLINA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 265,514	118.01%
2007	253,886	127.16%
2008	257,507	151.40%
2009	288,703	144.91%
2010	313,873	131.15%
2011	387,593	104.59%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% - 7.85%
* Includes inflation at	3.00%
Cost of living adjustments	None

CITY OF BURLINGTON, NORTH CAROLINA
 OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/08	-	\$ 17,050,699	17,050,699	-%	\$ 24,769,558	68.80%
12/31/09	-	22,509,884	22,509,884	-%	23,783,806	94.60%
12/31/10	-	25,648,600	25,648,600	-%	24,696,478	103.90%

CITY OF BURLINGTON, NORTH CAROLINA
 OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	1,240,297	58.70%
2010	1,240,297	68.80%
2011	1,640,811	48.50%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return*	4.00%
Projected salary increases*	10.50%-5.00%
Year of Ultimate trend rate	2017
* Includes inflation at	3.00%





GENERAL FUND
Individual Fund Schedule

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 BALANCE SHEET
 For the Fiscal Year Ended June 30, 2011

		<u>June 30,</u> <u>2011</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	28,097,828
Receivables (net):		
Taxes		1,146,898
Accounts		6,222,934
Due from other funds		<u>5,165</u>
Total assets	\$	<u><u>35,472,825</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES:		
Accounts payable and accrued liabilities	\$	1,304,530
Due to other funds		-
Deferred revenues		<u>1,554,269</u>
Total liabilities		<u><u>2,858,799</u></u>
FUND BALANCES:		
Restricted :		
Stabilization for Stabilization by State Statute		6,163,934
Historic Books		1,418
Animal Shelter		562
Assigned		
Subsequent Years Expenditures		1,636,986
General Government		4,316,000
Public Works		700,000
Parks and Recreation		1,398,269
Public Safety		5,450,000
Unassigned		<u>12,946,857</u>
Total fund balances		<u><u>32,614,026</u></u>
Total liabilities and fund balances	\$	<u><u>35,472,825</u></u>

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year	\$	\$ 24,406,933	\$
Prior year		1,449,108	
Penalties and interest		283,230	
Tax discounts		(291,557)	
Total	<u>23,662,000</u>	<u>25,847,714</u>	<u>2,185,714</u>
Other Taxes and Licenses:			
Payment in lieu of taxes		122,959	
Privilege licenses		532,527	
Cable TV franchise tax		476,364	
Local option sales tax		8,954,940	
Total	<u>9,156,902</u>	<u>10,086,790</u>	<u>929,888</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax		3,333,686	
Beer and wine tax		231,198	
Alamance County fuel purchase		589,402	
ABC revenue		99,991	
Alamance Jr. Tennis Foundation		24,865	
Total	<u>3,918,000</u>	<u>4,279,142</u>	<u>361,142</u>
Restricted Intergovernmental Revenues:			
ABC police contract		18,619	
Powell Bill allocation		1,388,931	
N. C. Department of Transportation		471,316	
On-behalf of Payments-			
Fire and rescue		70,125	
Camp Green Leaves		18,134	
PTCOG Grants		16,713	
Alamance-Burlington Schools – Afterschool Program		130,026	
Alamance-Burlington Schools – School Guards		80,080	
Miscellaneous		376	
Fire grants		3,961	
Animal Shelter		4,960	
Spay/Neuter Clinic		14,240	
Teen to Teen Theatre		2,952	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Junior Police Academy		18,488	
Recreation		53,147	
Senior Programs		45,881	
Reimbursed Cost		106,866	
Total	<u>2,329,990</u>	<u>2,444,815</u>	<u>114,825</u>
Permits and Fees:			
Building permits and inspection fees		500,635	
Fees and permits – other		368,006	
Total	<u>646,400</u>	<u>868,641</u>	<u>222,241</u>
Sales and Services:			
Animal Control – Alamance County		467,842	
Miscellaneous		199,414	
Recreation department revenues		1,767,495	
Cemetery lots and fees		139,072	
Sanitation fees		1,377,309	
Total	<u>3,800,028</u>	<u>3,951,132</u>	<u>151,104</u>
Investment Earnings:			
Investment earnings		69,631	
Interest Subsidy		68,300	
Interest earned-street assessments		3,764	
Total	<u>374,934</u>	<u>141,695</u>	<u>(233,239)</u>
Miscellaneous:			
Sale of properties and materials		49,143	
Miscellaneous		105,723	
Total	<u>186,000</u>	<u>154,866</u>	<u>(31,134)</u>
Total Revenues	<u>44,074,254</u>	<u>47,774,795</u>	<u>3,700,541</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures:			
General Government:			
City Council:			
Salaries and employee benefits		78,012	
Operating expenditures		<u>62,745</u>	
Total		140,757	
Reimbursement from Water and Sewer Fund		<u>(29,325)</u>	
Total City Council	<u>124,464</u>	<u>111,432</u>	<u>13,032</u>
Public Administration:			
Salaries and employee benefits		290,891	
Operating expenditures		<u>14,461</u>	
Total		305,352	
Reimbursement from Water and Sewer Fund		<u>(86,259)</u>	
Total Public Administration	<u>221,108</u>	<u>219,093</u>	<u>2,015</u>
Public Information:			
Salaries and employee benefits		57,386	
Operating expenditures		<u>61,925</u>	
Total		119,311	
Reimbursement from Water and Sewer Fund		<u>(43,989)</u>	
Total Public Information	<u>118,618</u>	<u>75,322</u>	<u>43,296</u>
Finance:			
Supervision:			
Salaries and employee benefits		356,774	
Operating expenditures		<u>17,209</u>	
Total		373,983	
Reimbursement from Water and Sewer Fund		<u>(200,047)</u>	
Net		<u>173,936</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Finance(continued):			
Collections:			
Salaries and employee benefits		252,680	
Operating expenditures		<u>78,771</u>	
Total		<u>331,451</u>	
Reimbursement from Water and Sewer Fund		<u>(142,222)</u>	
Net		<u>189,229</u>	
Purchasing:			
Salaries and employee benefits		347,820	
Operating expenditures		<u>13,216</u>	
Total Purchasing		361,036	
Total Finance	<u>840,261</u>	<u>724,201</u>	<u>116,060</u>
Information Technologies:			
Salaries and employee benefits		476,946	
Operating expenditures		371,686	
Capital outlay		<u>64,555</u>	
Total		913,187	
Reimbursement from Water and Sewer Fund		<u>(249,634)</u>	
Total Information Technologies	<u>692,604</u>	<u>663,553</u>	<u>29,051</u>
Legal:			
Salaries and employee benefits		285,553	
Operating expenditures		<u>78,917</u>	
Total		364,470	
Reimbursement from Water and Sewer Fund		<u>(129,956)</u>	
Total Legal	<u>556,383</u>	<u>234,514</u>	<u>321,869</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Human Resources:			
Salaries and employee benefits		237,638	
Operating expenditures		<u>380,660</u>	
Total		618,298	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(114,348)</u>	<u> </u>
Total Human Resources	<u>497,975</u>	<u>503,950</u>	<u>(5,975)</u>
Planning GIS Division:			
Salaries and employee Benefits		165,596	
Operating expenditures		<u>28,900</u>	
Total		194,496	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Planning GIS Division	<u>130,049</u>	<u>77,543</u>	<u>52,506</u>
Planning:			
Salaries and employee benefits		500,330	
Operating expenditures		<u>78,671</u>	
Total		579,001	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Planning	<u>453,483</u>	<u>462,048</u>	<u>(8,565)</u>
Inspections:			
Salaries and employee benefits		219,609	
Operating expenditures		101,647	
Capital outlay		<u> </u>	
Total		321,256	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Inspections	<u>204,914</u>	<u>204,303</u>	<u>611</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Engineering:			
Salaries and employee benefits		536,538	
Operating expenditures		<u>52,111</u>	
Total		588,649	
Reimbursement from Water and Sewer Fund		<u>(253,358)</u>	
Total Engineering	<u>399,471</u>	<u>335,291</u>	<u>64,180</u>
Traffic Control Supervisor:			
Salaries and employee benefits		431,735	
Operating expenditures		<u>284,203</u>	
Total Traffic Control	<u>746,527</u>	<u>715,938</u>	<u>30,589</u>
Transportation Tech Services:			
Salaries and employee benefits		561,977	
Operating expenditures		<u>40,002</u>	
Total Transportation Tech Services	<u>726,298</u>	<u>601,979</u>	<u>124,319</u>
Street lighting	<u>525,000</u>	<u>489,085</u>	<u>35,915</u>
General Administration and Building:			
Salaries and employee benefits		1,899,736	
Insurance		419,022	
Operating expenditures		389,844	
Special projects		<u>328,925</u>	
Total General Administration and Building	<u>3,087,695</u>	<u>3,037,527</u>	<u>50,168</u>
Total General Government	<u>9,324,850</u>	<u>8,455,779</u>	<u>869,071</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Safety:			
Police:			
Administration:			
Salaries and employee benefits		685,027	
Operating expenditures		772,309	
Capital outlay		<u>181,145</u>	
Total		<u>1,638,481</u>	
Records:			
Salaries and employee benefits		218,437	
Operating expenditures		<u>119,017</u>	
Total		<u>337,454</u>	
Training and Personnel Services:			
Salaries and employee benefits		138,205	
Operating expenditures		<u>150,643</u>	
Total		<u>288,848</u>	
Criminal Investigations:			
Salaries and employee benefits		1,307,965	
Operating expenditures		<u>70,537</u>	
Total		<u>1,378,502</u>	
Field Operations Division:			
Salaries and employee benefits		5,444,415	
Operating expenditures		<u>14,415</u>	
Total		<u>5,458,830</u>	
Retirees:			
Salaries and employee benefits		<u>458,664</u>	
Total		<u>458,664</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Community Policing:			
Salaries and employee benefits		103,303	
Operating expenditures		<u>15,850</u>	
Total		<u>119,153</u>	
Animal Services-Field:			
Salaries and employee benefits		103,069	
Operating expenditures		<u>1,194</u>	
Total		<u>104,263</u>	
Identification:			
Salaries and employee benefits		128,416	
Operating expenditures		<u>22,741</u>	
Total		<u>151,157</u>	
Communications:			
Salaries and employee benefits		680,355	
Operating expenditures		<u>286,588</u>	
Total		<u>966,943</u>	
Animal Services Shelter:			
Salaries and employee benefits		513,121	
Operating expenditures		<u>184,667</u>	
Total		<u>697,788</u>	
Informational Services:			
Salaries and employee benefits		73,406	
Operating expenditures		<u>844</u>	
Total		<u>74,250</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Spay/Neuter:			
Salaries and employee benefits		23,996	
Operating expenditures		<u>95,673</u>	
Total		<u>119,669</u>	
Special Operations:			
Salaries and employee benefits		928,948	
Operating expenditures		<u>21,740</u>	
Total		<u>950,688</u>	
Emergency Management:			
Salaries and employee benefits		82,366	
Operating expenditures		<u>1,710</u>	
Total		<u>84,076</u>	
Total Police	<u>13,188,096</u>	<u>12,828,766</u>	<u>359,330</u>
Fire:			
Supervision:			
Salaries and employee benefits		494,823	
Operating expenditures		<u>35,023</u>	
Total		<u>529,846</u>	
Training:			
Salaries and employee benefits			
Operating expenditures		147,305	
Capital outlay		<u>10,116</u>	
Total		<u>157,421</u>	
Industrial Inspection and Prevention:			
Salaries and employee Benefits		359,651	
Operating expenditures		20,376	
Capital Outlay		<u>18,825</u>	
Total		<u>398,852</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Fire: (continued)			
Fire Fighting:			
Salaries and employee benefits		4,395,611	
Operating expenditures		250,332	
Capital Outlay		<u>21,000</u>	
Total		<u>4,666,943</u>	
Fire Station and Buildings:			
Operating expenditures		<u>135,824</u>	
Total		<u>135,824</u>	
Training Center:			
Operating expenditures		<u>67,291</u>	
Total		<u>67,291</u>	
Emergency Response Equipment:			
Operating expenditures		163,171	
Capital outlay		<u>736,612</u>	
Total		<u>899,783</u>	
Total Fire	<u>6,835,191</u>	<u>6,855,960</u>	<u>(20,769)</u>
Total Public Safety	<u>20,023,287</u>	<u>19,684,726</u>	<u>338,561</u>
Public Works:			
Public Works Department:			
Public Works Supervision:			
Salaries and employee benefits		216,921	
Operating expenditures		<u>14,846</u>	
Total		<u>231,767</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures (continued):			
Public Works Department (continued):			
Public Works Supervision (continued):			
Building Maintenance:			
Salaries and employee benefits		503,523	
Operating expenditures		<u>61,292</u>	
Total		<u>564,815</u>	
Equipment Maintenance:			
Salaries and employee benefits		616,096	
Operating expenditures		691,614	
Capital outlay		<u>9,232</u>	
Total		<u>1,316,942</u>	
Street Signs - Marking:			
Salaries and employee benefits		142,535	
Operating expenditures		<u>71,887</u>	
Total		<u>214,422</u>	
Municipal Building:			
Operating expenditures		350,793	
Capital outlay		<u> </u>	
Total		<u>350,793</u>	
May Memorial Library:			
Operating expenditures		<u>108,963</u>	
Total		<u>108,963</u>	
Total Public Works Department	<u>2,644,144</u>	<u>2,787,702</u>	<u>(143,558)</u>
Street Department:			
Supervision:			
Salaries and employee benefits		155,595	
Operating expenditures		<u>27,348</u>	
Total		<u>182,943</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public Works Department (continued):			
Street Department (continued):			
Maintenance-Paved Streets:			
Salaries and employee benefits		742,087	
Operating expenditures		970,425	
Capital Outlay		<u>133,881</u>	
Total		<u>1,846,393</u>	
Total Street Department	<u>2,329,481</u>	<u>2,029,336</u>	<u>300,145</u>
Sanitation Department:			
Supervision:			
Salaries and employee benefits		131,101	
Operating expenditures		<u>27,162</u>	
Total		<u>158,263</u>	
Cleaning Streets:			
Salaries and employee benefits		32,596	
Operating expenditures		<u>26,242</u>	
Total		<u>58,838</u>	
Garbage and Waste Collection:			
Salaries and employee benefits		689,491	
Operating expenditures		1,069,073	
Recycling collection fee		470,771	
Capital Outlay		<u>227,005</u>	
Total		<u>2,456,340</u>	
Total Sanitation	<u>2,801,444</u>	<u>2,673,441</u>	<u>128,003</u>
Cemetery Department:			
Maintenance:			
Supervision:			
Salaries and employee benefits		147,642	
Operating expenditures		<u>5,183</u>	
Total		<u>152,825</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

Continued on next page.

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works Department (continued):			
Cemetery (continued):			
Interment and Maintenance:			
Salaries and employee benefits		538,452	
Operating expenditures		136,707	
Capital Outlay		<u>138,372</u>	
Total		<u>813,531</u>	
Total Cemetery	<u>996,515</u>	<u>966,356</u>	<u>30,159</u>
Street Tree Program:			
Operating expenditures		<u>15,126</u>	
Total Street Program	<u>27,380</u>	<u>15,126</u>	<u>12,254</u>
Total Public Works	<u>8,798,964</u>	<u>8,471,961</u>	<u>327,003</u>
Cultural and Recreation:			
Recreation:			
Supervision:			
Salaries and employee benefits		528,797	
Operating expenditures		<u>27,365</u>	
Total		<u>556,162</u>	
Day Camps and Afterschools:			
Salaries and employee benefits		469,900	
Operating expenditures		<u>96,347</u>	
Total		<u>566,247</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Athletics:			
Salaries and employee benefits		637,072	
Operating expenditures		601,093	
Capital outlay		<u>10,000</u>	
Total		<u>1,248,165</u>	
Special Events:			
Salaries and employee benefits		24,046	
Operating expenditures		<u>158,191</u>	
Total		<u>182,237</u>	
Fairchild Stadium:			
Operating expenditures		<u>60,930</u>	
Total		<u>60,930</u>	
Recreation Buildings:			
Salaries and employee benefits		942,462	
Operating expenditures		588,111	
Special projects		39,199	
Capital outlay		<u>5,395</u>	
Total		<u>1,575,167</u>	
Aquatics:			
Salaries and employee benefits		238,646	
Operating expenditures		<u>154,261</u>	
Total		<u>392,907</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Camp Green Leaves:			
Salaries and employee benefits		27,437	
Operating expenditures		<u>16,277</u>	
Total		<u>43,714</u>	
Amusement Park:			
Salaries and employee benefits		139,008	
Operating expenditures		<u>99,399</u>	
Total		<u>238,407</u>	
Golf Course:			
Salaries and employee benefits		372,465	
Operating expenditures		262,766	
Capital outlay		<u>36,159</u>	
Total		<u>671,390</u>	
Paramount Theater:			
Salaries and employee benefits		130,291	
Operating expenditures		<u>50,928</u>	
Total	<u> </u>	<u>181,219</u>	<u> </u>
 Total Cultural and Recreation	 <u>5,732,574</u>	 <u>5,716,545</u>	 <u>16,029</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Debt Service:			
Principal - bond	1,127,616	1,127,608	8
Interest and other charges - bond	528,422	528,419	3
Principal - capital lease	1,676,167	1,713,678	(37,511)
Interest and other charges - capital lease	<u>256,077</u>	<u>250,085</u>	<u>5,992</u>
Total Debt Service	<u>3,588,282</u>	<u>3,619,790</u>	<u>(31,508)</u>
Total Expenditures	<u>47,467,957</u>	<u>45,948,801</u>	<u>1,519,156</u>
Revenues Over (Under) Expenditures	<u>(3,393,703)</u>	<u>1,825,994</u>	<u>5,219,697</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Worker's Compensation Self Insurance Fund	(277,854)	(277,854)	-
Issuance from installment financing	991,857	991,857	-
Group Health Benefits	(35,000)	(35,000)	-
MPO Transportation	(92,379)	(92,379)	-
Capital Reserve Fund	(1,500,000)	(1,500,000)	-
Weed & Seed	13,900	13,849	(51)
Renovation Parks & Recreation Facilities	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,019,476)</u>	<u>(1,019,527)</u>	<u>(51)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,413,179)	806,467	<u>\$ 5,219,646</u>
Fund Balance Appropriated	<u>4,413,179</u>		
	<u>\$ -</u>		
Fund Balances beginning		<u>31,807,559</u>	
Fund Balances, ending		<u>\$ 32,614,026</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 44,856	\$ 44,856
Total Revenues	<u>-</u>	<u>44,856</u>	<u>44,856</u>
Expenditures:			
Professional services	<u>1,475,000</u>	<u>-</u>	<u>1,475,000</u>
Total Expenditures	<u>1,475,000</u>	<u>-</u>	<u>1,475,000</u>
Revenues Over (Under) Expenditures	<u>\$ (1,475,000)</u>	<u>44,856</u>	<u>\$ 1,519,856</u>
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund	1,500,000	1,500,000	-
ERP System Project	(250,000)	(250,000)	-
Drainage Improvement Project	(25,000)	(25,000)	-
Sewer Capital Reserve	<u>(232,440)</u>	<u>(185,977)</u>	<u>46,463</u>
Total Other Financing Sources	<u>992,560</u>	<u>1,039,023</u>	<u>46,463</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (482,440)</u>	<u>1,083,879</u>	<u>\$ 1,566,319</u>
Fund balance, appropriated	<u>482,440</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>17,519,508</u>	
Fund balance, ending		<u>\$ 18,603,387</u>	

CITY OF BURLINGTON
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,653,860	\$ 1,172,165	\$ 2,826,025
Receivables, net:			
Taxes	61,952	-	61,952
Accounts	1,202,792	286,372	1,489,164
Housing rehabilitation loans	2,445,828	-	2,445,828
Home incentive loans	4,981,405	-	4,981,405
Due from other funds	-	-	0
Total Assets	\$ 10,345,837	\$ 1,458,537	\$ 11,804,374
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 148,255	\$ 279,664	\$ 427,919
Due to other funds	5,165	-	5,165
Deferred revenue	1,654,383	-	1,654,383
Total Liabilities	1,807,803	279,664	2,087,467
Fund balances:			
Restricted:			
Stabilization by State			
Statute	5,014	-	5,014
Economic Development	7,606,888	-	7,606,888
Public Safety	422,854	-	422,854
Committed for Capital			
Development	-	1,204,506	1,204,506
Assigned for Subsequent			
Expenditures	505,148	-	505,148
Unassigned	(1,870)	(25,633)	(27,503)
Total Fund Balances	8,538,034	1,178,873	9,716,907
Total liabilities and fund balances	\$ 10,345,837	\$ 1,458,537	\$ 11,804,374

CITY OF BURLINGTON
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Ad valorem taxes	\$ 136,380	\$ -	\$ 136,380
Unrestricted intergovernmental	165,674	-	165,674
Restricted intergovernmental	1,423,388	-	1,423,388
Sales and services	31,930	-	31,930
Investment earnings	1,665	1,032	2,697
Miscellaneous	133,881	-	133,881
Total revenues	1,892,918	1,032	1,893,950
EXPENDITURES			
Current:			
Public Safety	649,583	-	649,583
Economic and physical development	1,619,663	-	1,619,663
Culture and recreation	165,455	-	165,455
Capital Outlay		2,016,128	2,016,128
Total expenditures	2,434,701	2,016,128	4,450,829
Revenues over (under) expenditures	(541,783)	(2,015,096)	(2,556,879)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	116,755	580,977	697,732
Transfers to other funds	(38,225)	-	(38,225)
Total other financing sources	78,530	580,977	659,507
Revenue and other sources over expenditures and other uses	(463,253)	(1,434,119)	(1,897,372)
Fund balances:			
Fund balances - beginning	9,001,287	2,612,992	11,614,279
Fund balances - ending	\$ 8,538,034	\$ 1,178,873	9,716,907



SPECIAL REVENUE FUNDS
Combining Schedules
and
Individual Fund Schedules



CITY OF BURLINGTON, NORTH CAROLINA
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Community Development Fund	Rehabili- tation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
ASSETS							
Cash and cash equivalents	\$ 26,547	\$ 332,767	\$ 367,576	\$ -	\$ -	\$465,165	\$ -
Receivables (net):							
Taxes	-	-	-	61,952	-	-	-
Accounts	11,894	33,214	136,898	2,166	934,599	-	-
Housing Rehabilitation loans	-	1,988,798	457,030	-	-	-	-
Home Incentive loans	-	108,533	-	-	4,872,872	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	\$ 38,441	\$ 2,463,312	\$ 961,504	\$ 64,118	\$5,807,471	\$465,165	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 6,231	\$ 2,496	\$ -	\$ 2,166	\$ 72,468	\$ 7,862	\$ 1,870
Due to other funds	5,067	98	-	-	-	-	-
Deferred revenue	-	-	-	61,952	1,592,431	-	-
Total liabilities	11,298	2,594	-	64,118	1,664,899	7,862	1,870
Fund Balances:							
Restricted							
Stabilization by State Statute	-	-	-	-	-	5,014	-
Economic Development	27,143	2,309,768	932,092	-	3,946,390	-	-
Public Safety	-	-	-	-	-	361,460	-
Assigned							
Subsequent Years Expenditures	-	150,950	29,412	-	196,182	90,829	-
Unassigned	-	-	-	-	-	-	(1,870)
Total fund balances	27,143	2,460,718	961,504	-	4,142,572	457,303	(1,870)
Total liabilities and fund balances	\$ 38,441	\$ 2,463,312	\$ 961,504	\$ 64,118	\$5,807,471	\$465,165	\$ -

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Energy Efficiency Conservative Fund	Medicare Part D Grant Project Fund	Weed & Seed Grant Program	Totals
\$ 48,315	\$ 10,000	\$ -	\$ 51,552	\$ 283,763	\$ 52,621	\$ 15,554	\$ -	\$ 1,653,860
-	-	-	-	-	-	-	-	61,952
-	-	35,090	-	48,931	-	-	-	1,202,792
-	-	-	-	-	-	-	-	2,445,828
-	-	-	-	-	-	-	-	4,981,405
-	-	-	-	-	-	-	-	-
<u>\$ 48,315</u>	<u>\$ 10,000</u>	<u>\$ 35,090</u>	<u>\$ 51,552</u>	<u>\$ 332,694</u>	<u>\$ 52,621</u>	<u>\$ 15,554</u>	<u>\$ -</u>	<u>\$ 10,345,837</u>
\$ 10,698	\$ -	\$ 35,090	\$ -	\$ 9,374	\$ -	\$ -	\$ -	148,255
-	-	-	-	-	-	-	-	5,165
-	-	-	-	-	-	-	-	1,654,383
<u>10,698</u>	<u>-</u>	<u>35,090</u>	<u>-</u>	<u>9,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,807,803</u>
-	-	-	-	-	-	-	-	5,014
37,617	10,000	-	13,777	323,320	52,621	15,554	-	7,606,888
-	-	-	-	-	-	-	-	422,854
-	-	-	37,775	-	-	-	-	505,148
-	-	-	-	-	-	-	-	(1,870)
<u>37,617</u>	<u>10,000</u>	<u>-</u>	<u>51,552</u>	<u>323,320</u>	<u>52,621</u>	<u>15,554</u>	<u>-</u>	<u>8,538,034</u>
<u>\$ 48,315</u>	<u>\$ 10,000</u>	<u>\$ 35,090</u>	<u>\$ 51,552</u>	<u>\$ 332,694</u>	<u>\$ 52,621</u>	<u>\$ 15,554</u>	<u>\$ -</u>	<u>\$ 10,345,837</u>

CITY OF BURLINGTON, NORTH CAROLINA
 ALL SPECIAL REVENUE FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For The Fiscal Year Ended June 30, 2011

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
Revenues:							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ 136,380	\$ -	\$ -	\$ -
Unrestricted intergovernmental	-	-	-	-	-	-	9,777
Restricted intergovernmental	467,113	-	-	-	203,126	365,924	-
Sales and services	-	-	-	-	-	-	-
Investment earnings	-	903	-	-	-	587	-
Miscellaneous	-	29,290	17,517	-	87,074	-	-
Total Revenues	467,113	30,193	17,517	136,380	290,200	366,511	9,777
Expenditures:							
Current:							
Public safety	-	-	-	-	-	523,401	-
Cultural and recreation	-	-	-	-	-	-	-
Economic and physical development	461,261	101,476	6,584	136,380	373,448	-	11,647
Total Expenditures	461,261	101,476	6,584	136,380	373,448	523,401	11,647
Revenues Over (Under) Expenditures	5,852	(71,283)	10,933	-	(83,248)	(156,890)	(1,870)
Other Financing Sources (Uses):							
Transfers from other funds	-	-	-	-	24,376	-	-
Transfers to other funds	-	-	(24,376)	-	-	-	-
Transfer to component unit	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(24,376)	-	24,376	-	-
Net change in fund balances	5,852	(71,283)	(13,443)	-	(58,872)	(156,890)	(1,870)
Fund balance, beginning	21,291	2,532,001	974,947	-	4,201,444	614,193	-
Fund balance, ending	\$ 27,143	\$ 2,460,718	\$ 961,504	\$ -	\$ 4,142,572	\$ 457,303	\$ (1,870)

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Energy Efficiency Conservative Fund	Medicare Part D Grant Project Fund	Weed & Seed Grant Program Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,380
-	-	133,525	22,372	-	-	-	-	165,674
84,046	16,338	-	-	286,841	-	-	-	1,423,388
-	-	31,930	-	-	-	-	-	31,930
-	-	-	-	175	-	-	-	1,665
-	-	-	-	-	-	-	-	133,881
84,046	16,338	165,455	22,372	287,016	-	-	-	1,892,918
80,926	7,856	-	37,400	-	-	-	-	649,583
-	-	165,455	-	-	-	-	-	165,455
-	-	-	-	376,302	149,744	2,821	-	1,619,663
80,926	7,856	165,455	37,400	376,302	149,744	2,821	-	2,434,701
3,120	8,482	-	(15,028)	(89,286)	(149,744)	(2,821)	-	(541,783)
-	-	-	-	92,379	-	-	-	116,755
-	-	-	-	-	-	-	(13,849)	(38,225)
-	-	-	-	-	-	-	-	-
-	-	-	-	92,379	-	-	(13,849)	78,530
3,120	8,482	-	(15,028)	3,093	(149,744)	(2,821)	(13,849)	(463,253)
34,497	1,518	-	66,580	320,227	202,365	18,375	13,849	9,001,287
\$ 37,617	\$ 10,000	\$ -	\$ 51,552	\$ 323,320	\$ 52,621	\$ 15,554	\$ -	\$ 8,538,034

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Revenues	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants -					
Program Year:					
2011	\$ 477,189	\$ -	\$ -	\$ -	\$ (477,189)
2010	439,247	-	405,611	405,611	(33,636)
2009	432,444	376,776	55,668	432,444	-
2008	447,676	441,842	5,834	447,676	-
2007	440,794	440,794	-	440,794	-
2006	490,388	490,388	-	490,388	-
2005	518,000	518,000	-	518,000	-
2004	531,000	531,000	-	531,000	-
Federal Recovery Grant	-	117,446		117,446	117,446
Total Restricted Intergovernmental	<u>3,776,738</u>	<u>2,916,246</u>	<u>467,113</u>	<u>3,383,359</u>	<u>(393,379)</u>
Miscellaneous Revenues:					
Urban renewal land sales and related income	-	145,641	-	145,641	145,641
Sale of property:					
2007	-	200	-	200	200
2004	-	200	-	200	200
1997	-	14,083	-	14,083	14,083
Program income - 1995	-	522	-	522	522
Total Miscellaneous Revenues	<u>-</u>	<u>160,646</u>	<u>-</u>	<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>3,776,738</u>	<u>3,076,892</u>	<u>467,113</u>	<u>3,544,005</u>	<u>(232,733)</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2004:					
Public Works					
Facilities, Site					
Improvements:					
Durham Street/ Morgan Hill Trail	82,084	82,084	-	82,084	-
Glen Raven Project	155,467	155,467	-	155,467	-
Hunt Street Project	3,249	3,249	-	3,249	-
Ross Street Subdivision	50,000	50,000	-	50,000	-
FAS Plumbing Repairs	4,900	4,900	-	4,900	-
Provision of					
Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Fairchild Comfort Station	4,800	4,800	-	4,800	-
Construction Training Program	65,000	65,000	-	65,000	-
Recreation Facilities Improvements	3,200	3,200	-	3,200	-
FAS Security System	3,500	3,495	-	3,495	5
Administration	110,000	101,975	-	101,975	8,025
Contingency	<u>36,800</u>	<u>62</u>		<u>62</u>	<u>36,738</u>
Total Program Year 2004	<u>531,000</u>	<u>486,232</u>	<u>-</u>	<u>486,232</u>	<u>44,768</u>
Program Year 2005:					
Public Works					
Facilities, Site					
Improvements:					
Glen Raven Project	340,000	340,000	-	340,000	-
Provision of					
Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>89,908</u>	<u>77,604</u>	<u>9,045</u>	<u>86,649</u>	<u>3,259</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Actual		Variance Positive (Negative)	
		Reported In Prior Years	Current Year		Total To Date
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2005 (continued):					
Total Program Year 2005	<u>506,908</u>	<u>494,604</u>	<u>9,045</u>	<u>503,649</u>	<u>3,259</u>
Program Year 2006:					
Public Works Facilities, Site Improvements:					
Glen Raven Infrastructure	317,388	317,388	-	317,388	-
Provision of Public Services:					
North Park Library	10,000	10,000	-	10,000	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>67,281</u>	<u>64,253</u>	<u>1,774</u>	<u>66,027</u>	<u>1,254</u>
Total Program Year 2006	<u>459,669</u>	<u>456,641</u>	<u>1,774</u>	<u>458,415</u>	<u>1,254</u>
Program Year 2007:					
Public Works Facilities, Site Improvements:					
Glen Raven Project	47,593	47,593	-	47,593	-
Church Street Sidewalk	48,038	48,038	-	48,038	-
Street Improvements (Jackson/Peace)	9,241	9,241	-	9,241	-
Storm Sewer Replacement	30,469	30,469	-	30,469	-
Provision of Public Services:					
Hall Avenue Facility Improvements	69,899	69,899	-	69,899	-
North Park Library	10,000	10,000	-	10,000	-
North Park Pool Upgrades	5,200	5,200	-	5,200	-
Fairchild Comfort Station	39,578	39,578	-	39,578	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>49,642</u>	<u>47,372</u>	<u>614</u>	<u>47,986</u>	<u>1,656</u>
Total Program Year 2007	<u>374,660</u>	<u>372,390</u>	<u>614</u>	<u>373,004</u>	<u>1,656</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2008:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	92,714	90,160	-	90,160	2,554
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Recreation Facility					
Improvements	82,676	82,676	-	82,676	-
Hall Avenue Facility					
Improvements	97,286	97,286	-	97,286	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>55,095</u>	<u>47,915</u>	<u>750</u>	<u>48,665</u>	<u>6,430</u>
Total Program					
Year 2008	<u>404,771</u>	<u>395,037</u>	<u>750</u>	<u>395,787</u>	<u>8,984</u>
Program Year 2009:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	125,748	125,748	-	125,748	-
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Fairchild Park					
Improvements	127,444	127,444	-	127,444	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>98,000</u>	<u>54,839</u>	<u>1,347</u>	<u>56,186</u>	<u>41,814</u>
Total Program					
Year 2009	<u>428,192</u>	<u>385,031</u>	<u>1,347</u>	<u>386,378</u>	<u>41,814</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From Inception and For The Fiscal Year Ended June 30, 2011

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures (continued): Economic and Physical Development (continued):					
Program Year 2010:					
Public Works Facilities, Site Improvements:					
Maple Avenue Sidewalk	112,699	112,699	-	112,699	-
Provision of Public Services:					
North Park Library	10,000	10,000	-	10,000	-
Residential Treatment Services Mebane Street Facility Repairs	9,175	9,175	-	9,175	-
North Park Improvements	100,000	100,000	-	100,000	-
Family Abuse Services Transitional Housing Upgrade	3,500	3,066	434	3,500	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>98,000</u>	<u>48,280</u>	<u>7,554</u>	<u>55,834</u>	<u>42,166</u>
Total Program Year 2010	<u>398,374</u>	<u>348,220</u>	<u>7,988</u>	<u>356,208</u>	<u>42,166</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2011:					
Public Works					
Facilities, Site					
Improvements:					
Water & Sewer					
Lines-Hunt St.	48,855	-	45,437	45,437	3,418
Queen Anne St.					
Sewer Line Upgrade	150,039	-	-	-	150,039
Provision of					
Public Services:					
North Park					
Library	10,000	-	10,000	10,000	-
Fairchild Park					
Upgrade	230,474	-	223,521	223,521	6,953
FAS Transitional					
Housing Upgrade	4,566	-	4,566	4,566	-
North Park					
Improvements	13,060	-	10,314	10,314	2,746
Picnic Site					
Improvements	12,360	-	12,343	12,343	17
Playground					
Equipment					
Upgrades	30,000	-	30,000	30,000	-
Relocation	10,000	-	3,068	3,068	6,932
Construction					
Training Program	65,000	-	65,000	65,000	-
Administration	98,000	-	35,494	35,494	62,506
Total Program					
Year 2011	<u>672,354</u>	<u>-</u>	<u>439,743</u>	<u>439,743</u>	<u>232,611</u>
Total Expenditures	<u>3,775,928</u>	<u>2,938,155</u>	<u>461,261</u>	<u>3,399,416</u>	<u>376,512</u>
Revenues Over (Under)					
Expenditures	<u>810</u>	<u>138,737</u>	<u>5,852</u>	<u>144,589</u>	<u>143,779</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures (continued):					
Economic and Physical Development (continued):					
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Mebane St./ St. John Culvert Rehabilitation Loan Program Fund:					
Program Year:					
1996	(810)	-	-	-	810
Total Other Financing (Uses)	<u>198,790</u>	<u>(117,446)</u>	-	<u>(117,446)</u>	<u>(116,636)</u>
Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ 199,600	<u>\$ 21,291</u>	5,852	<u>\$ 27,143</u>	<u>\$ 27,143</u>
Fund balance, appropriated	<u>(199,600)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>21,291</u>		
Fund balance, ending			<u>\$ 27,143</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND – REHABILITATION LOAN PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Investment earnings	\$ _____	\$ 903	\$ _____
Miscellaneous:			
Interest on loans	_____	29,290	_____
Total Revenues	<u>16,000</u>	<u>30,193</u>	<u>14,193</u>
Expenditures:			
Economic and Physical Development:			
Operating expenditures	_____	102,330	_____
Provision for bad debts	_____	(854)	_____
Total Expenditures	<u>166,850</u>	<u>101,476</u>	<u>65,374</u>
Revenues Over (Under) Expenditures	(150,850)	(71,283)	<u>\$ 79,567</u>
Fund balance, appropriated	<u>150,850</u>		
Net change in fund balance	\$ _____		
Fund balance, beginning		<u>2,532,001</u>	
Fund balance, ending		<u>\$ 2,460,718</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – RENTAL REHABILITATION LOAN PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment earnings	\$	\$	-
Miscellaneous:			
Interest on loans	_____	17,517	_____
Total Revenues	2,000	17,517	15,517
Expenditures:			
Economic and Physical Development:			
Provision for bad debts	_____	6,584	_____
Total Expenditures	10,800	6,584	4,216
Revenues Over (Under) Expenditures	(8,800)	10,933	19,733
Other Financing Sources (Uses):			
Transfers to other fund:			
Home Program Project	(24,376)	(24,376)	-
Total Other Financing Sources (Uses)	(24,376)	(24,376)	-
Revenues (Under) Expenditures and Other Uses	(33,176)	(13,443)	\$ 19,733
Fund balance, appropriated	33,176		
Net change in fund balance	\$ _____		
Fund balance, beginning		974,947	
Fund balance, ending		\$ 961,504	

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 3,866,192	\$ 3,255,455	\$ 127,441	\$ 3,382,896	\$ (483,296)
Federal Grant - County	1,571,217	1,256,086	75,685	1,331,771	(239,446)
State Grant	-	2,667	-	2,667	2,667
Local Funds	<u>36,465</u>	<u>6,481</u>	<u>-</u>	<u>6,481</u>	<u>(29,984)</u>
Total	5,473,874	4,520,689	203,126	4,723,815	(750,059)
Miscellaneous:					
Program income	<u>100,582</u>	<u>208,146</u>	<u>87,074</u>	<u>295,220</u>	<u>194,638</u>
Total Revenues	<u>5,574,456</u>	<u>4,728,835</u>	<u>290,200</u>	<u>5,019,035</u>	<u>(555,421)</u>
Expenditures:					
Economic and Physical Development:					
Administrative	369,642	248,174	32,645	280,819	88,823
Homebuyer assistance	161,167	49,620	1,733	51,353	109,814
CHDO project assistance	775,967	652,677	6,088	658,765	117,202
Rehabilitation - owner	4,687,851	522,985	256,865	779,850	3,908,001
Rehabilitation rental	313,250	115,442	-	115,442	197,808
Lead based paint reduction	37,500	37,500	-	37,500	-
Relocation	64,781	64,781	-	64,781	-
CTP Housing Activities	520,000	72,124	61,428	133,552	386,448
Provision for bad debts	<u>-</u>	<u>237,288</u>	<u>14,689</u>	<u>251,977</u>	<u>(251,977)</u>
Total Expenditures	<u>6,930,158</u>	<u>2,000,591</u>	<u>373,448</u>	<u>2,374,039</u>	<u>4,556,119</u>

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues Over (Under) Expenditures	<u>(1,355,702)</u>	<u>2,728,244</u>	<u>(83,248)</u>	<u>2,644,996</u>	<u>4,000,698</u>
Other Financing Sources: Transfers from other funds:					
HOME Investment Partnership Project Fund	-	450,726	-	450,726	450,726
Rental Rehabilitation Loan Program	636,514	646,122	24,376	670,498	33,984
Rehabilitation Loan Program Fund	-	232,688	-	232,688	232,688
Single Family Housing Project Fund	-	143,664	-	143,664	143,664
Total Other Financing Sources	<u>636,514</u>	<u>1,473,200</u>	<u>24,376</u>	<u>1,497,576</u>	<u>861,062</u>
Revenues and Other Sources Over (Under) Expenditures	(719,188)	<u>\$ 4,201,444</u>	(58,872)	<u>\$ 4,142,572</u>	<u>\$ 4,861,760</u>
Fund balance, beginning	<u>719,188</u>		<u>4,201,444</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 4,142,572</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – RICO FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Rico funds	\$	\$ 177,139	\$
Dept. of Treasury		188,785	
Investment earnings		587	
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u> -</u>	<u> 366,511</u>	<u> 366,511</u>
Expenditures:			
Public Safety:			
Rico funds		523,401	
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u> 624,988</u>	<u> 523,401</u>	<u> 101,587</u>
Revenues Over (Under) Expenditures	<u> (624,988)</u>	<u> (156,890)</u>	<u> 468,098</u>
			<u> \$ 468,098</u>
Fund balance, appropriated	<u> 624,988</u>		
Net change in fund balance	<u> \$ -</u>		
Fund balance, beginning		<u> 614,193</u>	
Fund balance, ending		<u> \$ 457,303</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - GUILFORD MACKINTOSH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Guilford County Reimbursement	\$ _____	\$ 133,525	\$ _____
Total	<u>172,882</u>	<u>133,525</u>	<u>(39,357)</u>
Sales and Service:			
Boat rentals		16,586	
Fishing fees		5,349	
Boat launch fees		3,681	
Concession sales		1,795	
Shelter rentals		3,250	
House rentals		<u>1,269</u>	
Total	<u>24,020</u>	<u>31,930</u>	<u>7,910</u>
Total Revenues	<u>196,902</u>	<u>165,455</u>	<u>(31,447)</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee benefits		131,169	
Operating expenditures		<u>34,286</u>	
Total Expenditures	<u>196,902</u>	<u>165,455</u>	<u>31,447</u>
Revenues Over (Under) Expenditures	<u>\$ _____</u>	-	<u>\$ _____</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ _____</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND - CONTROLLED SUBSTANCE TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Controlled substance funds	\$ _____	\$ 22,372	\$ _____
Total Revenues	_____	22,372	22,372
Expenditures:			
Public Safety:			
Salaries and Employee Benefits	_____	37,400	_____
Total Expenditures	43,922	37,400	6,522
Revenues Over (Under) Expenditures	(43,922)	(15,028)	\$ 28,894
Fund balance, appropriated	43,922		
Net change in fund balance	\$ _____		
Fund balance, beginning		66,580	
Fund balance, ending		\$ 51,552	

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND - MPO PLANNING TRANSPORTATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
State Grant	\$	\$ 286,841	\$
Interest	<u> </u>	<u> 175</u>	<u> </u>
Total Revenues	<u>436,400</u>	<u>287,016</u>	<u>(149,384)</u>
Expenditures:			
Economic and Physical Development:			
Operating expenditures		361,351	
Special projects	<u> </u>	<u> 14,951</u>	<u> </u>
Total Expenditures	<u>528,779</u>	<u>376,302</u>	<u>152,477</u>
Revenues Over (Under) Expenditures	<u>(92,379)</u>	<u>(89,286)</u>	<u>3,093</u>
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>92,379</u>	<u>92,379</u>	<u>-</u>
Total Other Financing Sources	<u>92,379</u>	<u>92,379</u>	<u>-</u>
Revenues and Other Sources (Under) Expenditures	-	3,093	<u>\$ 3,093</u>
Fund balance, beginning	<u>-</u>	<u>320,227</u>	
Fund balance, ending	<u>\$ -</u>	<u>\$ 323,320</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND – ENERGY EFFICIENCY & CONSERVATION BLOCK GRANT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

From Inception and For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
ARRA Grant	\$ 223,900	\$ 223,900	\$ -	\$ 223,900	\$ -
Total Revenues	<u>223,900</u>	<u>223,900</u>	<u>-</u>	<u>223,900</u>	<u>-</u>
Expenditures:					
Economic and physical					
development:					
Professional					
services	33,350	21,535	14,041	35,576	(2,226)
Projects	149,016	-	101,540	101,540	47,476
Operating					
expenditures	<u>41,534</u>	<u>-</u>	<u>34,163</u>	<u>34,163</u>	<u>7,371</u>
Total Expenditures	<u>223,900</u>	<u>21,535</u>	<u>149,744</u>	<u>171,279</u>	<u>52,621</u>
Revenues Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ 202,365</u>	<u>\$ (149,744)</u>	<u>\$ 52,621</u>	<u>\$ 52,621</u>
Fund balance, beginning			<u>202,365</u>		
Fund balance, ending			<u>\$ 52,621</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND – MEDICARE PART D GRANT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
State Grant	\$ <u>48,100</u>	\$ <u>48,100</u>	\$ <u>-</u>	\$ <u>48,100</u>	\$ <u>-</u>
Total Revenues	<u>48,100</u>	<u>48,100</u>	<u>-</u>	<u>48,100</u>	<u>-</u>
Expenditures:					
Operating expenditures	<u>48,100</u>	<u>29,725</u>	<u>2,821</u>	<u>32,546</u>	<u>15,554</u>
Total Expenditures	<u>48,100</u>	<u>29,725</u>	<u>2,821</u>	<u>32,546</u>	<u>15,554</u>
Revenues Over Expenditures	\$ <u>-</u>	\$ <u>18,375</u>	(2,821)	\$ <u>15,554</u>	\$ <u>15,554</u>
Fund balance, beginning			<u>18,375</u>		
Fund Balance, ending			\$ <u>15,554</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – WEED & SEED GRANT PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
State Grant					
Reimbursement	750,000	717,108	-	717,108	(32,892)
Donations	<u>6,600</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>(100)</u>
Total Revenues	<u>756,600</u>	<u>723,608</u>	<u>-</u>	<u>723,608</u>	<u>(32,992)</u>
Expenditures:					
Salaries and Employee					
Benefits	471,194	409,758	-	409,758	61,436
Professional Services	95,551	107,024	-	107,024	(11,473)
Travel	25,400	16,581	-	16,581	8,819
Supplies	109,533	66,649	-	66,649	42,884
Service Contracts	129,422	95,323	-	95,323	34,099
Equipment	<u>14,500</u>	<u>14,424</u>	<u>-</u>	<u>14,424</u>	<u>76</u>
Total Expenditures	<u>845,600</u>	<u>709,759</u>	<u>-</u>	<u>709,759</u>	<u>135,841</u>
Revenues Over (Under) Expenditures	<u>(89,000)</u>	<u>13,849</u>	<u>-</u>	<u>13,849</u>	<u>102,849</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
General Fund	89,000	89,000	-	-	-
Transfer to other funds:					
General Fund	(13,900)	-	(13,849)	(13,849)	51
Capital Reserve Fund	<u>(89,000)</u>	<u>(89,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>(13,900)</u>	<u>-</u>	<u>(13,849)</u>	<u>(13,849)</u>	<u>51</u>
Revenues and Other Sources Over Expenditures and Other Uses	(102,900)	<u>\$ 13,849</u>	(13,849)	<u>\$ -</u>	<u>\$ 102,900</u>
Fund balance, appropriated	<u>102,900</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>13,849</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – EDWARD BYRNE JUSTICE ASSISTANCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	<u>\$ 674,242</u>	<u>\$ 484,153</u>	<u>\$ 84,046</u>	<u>\$ 568,199</u>	<u>\$ 106,043</u>
Total Revenues	<u>674,242</u>	<u>484,153</u>	<u>84,046</u>	<u>568,199</u>	<u>106,043</u>
Expenditures:					
Public Safety:					
Equipment	332,990	216,437	36,017	252,454	80,536
Operating expenditures	<u>400,209</u>	<u>292,176</u>	<u>44,909</u>	<u>337,085</u>	<u>63,124</u>
Total Expenditures	<u>733,199</u>	<u>508,613</u>	<u>80,926</u>	<u>589,539</u>	<u>143,660</u>
Revenues Over (Under) Expenditures	<u>(58,957)</u>	<u>(24,460)</u>	<u>3,120</u>	<u>(21,340)</u>	<u>37,617</u>
Other Financing Sources:					
Transfers from other funds:					
Rico Fund	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 34,497</u>	<u>3,120</u>	<u>\$ 37,617</u>	<u>\$ 37,617</u>
Fund balance, beginning			<u>34,497</u>		
Fund balance, ending			<u>\$ 37,617</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND – GOVERNOR CRIME COMMISSION PROJECT SAFE NEIGHBORHOOD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2011

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 130,126	\$ 58,350	\$ 16,338	\$ 74,688	\$ (55,438)
Total Revenues	<u>130,126</u>	<u>58,350</u>	<u>16,338</u>	<u>74,688</u>	<u>(55,438)</u>
Expenditures:					
Public Safety:					
Salaries and Employee benefits	77,175	38,837	-	38,837	38,338
Operating Expenditures	<u>62,951</u>	<u>27,995</u>	<u>7,856</u>	<u>35,851</u>	<u>27,100</u>
Total Expenditures	<u>140,126</u>	<u>66,832</u>	<u>7,856</u>	<u>74,688</u>	<u>65,438</u>
Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(8,482)</u>	<u>8,482</u>	<u>-</u>	<u>10,000</u>
Other Financing Sources:					
Transfers from other funds:					
General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Sources	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,518</u>	<u>8,482</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Fund balance, beginning			<u>1,518</u>		
Fund balance, ending			<u>\$ 10,000</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 SPECIAL REVENUE FUND – ALL HAZARD PREPAREDNESS GRANT – LAKE CAMMACK
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Emergency Management Grant	\$ <u>181,717</u>	\$ <u>90,285</u>	\$ <u>9,777</u>	\$ <u>100,062</u>	\$ <u>(81,655)</u>
Total Revenues	<u>181,717</u>	<u>90,285</u>	<u>9,777</u>	<u>100,062</u>	<u>(81,655)</u>
Expenditures:					
Equipment	<u>181,717</u>	<u>90,285</u>	<u>11,647</u>	<u>101,932</u>	<u>79,785</u>
Total Expenditures	<u>181,717</u>	<u>90,285</u>	<u>11,647</u>	<u>101,932</u>	<u>79,785</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(1,870)</u>	<u>\$ (1,870)</u>	<u>\$ (1,870)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (1,870)</u>		





CAPITAL PROJECT FUNDS
Combining Schedules
and
Individual Fund Schedules



CITY OF BURLINGTON, NORTH CAROLINA
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 June 30, 2011

	Drainage Improvement Project Fund	Renovation of Existing Recreation & Park Facilities	Willowbrook Park Multi-use Trail Project	Mebane St./ Grand Oaks Sidewalk Project Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 318,300	\$ 11,603	\$ -	\$ 189,704
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 318,300	\$ 11,603	\$ -	\$ 189,704
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 37,236	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	37,236	-	-
Fund Balances:				
Committed for Capital Improvements	318,300	-	-	189,704
Unassigned	-	(25,633)	-	-
Total Fund Balances	318,300	(25,633)	-	189,704
Total Liabilities and Fund Balances	\$ 318,300	\$ 11,603	\$ -	\$ 189,704

Piedmont Way Widening & Sidewalk Project	ERP System Project Fund	Street Resurfacing Project	Totals
\$ -	\$ 652,558	\$ -	\$ 1,172,165
2,378	-	283,994	286,372
-	-	-	-
<u>\$ 2,378</u>	<u>\$ 652,558</u>	<u>\$ 283,994</u>	<u>\$ 1,458,537</u>
\$ 2,378	\$ -	\$ 240,050	\$ 279,664
-	-	-	-
-	-	-	-
<u>2,378</u>	<u>-</u>	<u>240,050</u>	<u>279,664</u>
-	652,558	43,944	1,204,506
-	-	-	(25,633)
-	652,558	43,944	1,178,873
<u>\$ 2,378</u>	<u>\$ 652,558</u>	<u>\$ 283,994</u>	<u>\$ 1,458,537</u>

CITY OF BURLINGTON, NORTH CAROLINA
 ALL CAPITAL PROJECT FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For The Fiscal Year Ended June 30, 2011

	Drainage Improvement Project Fund	Renovation of Existing Recreation & Park Facilities	Willowbrook Park Multi-use Trail Project	Mebane St./ Grand Oaks Sidewalk Project Fund
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	297	-	-	31
Miscellaneous	-	-	-	-
Total Revenues	297	-	-	31
Expenditures:				
Capital outlay	-	408,558	-	-
Total Expenditures	-	408,558	-	-
Revenues Over (Under) Expenditures	297	(408,558)	-	31
Other Financing Sources (Uses):				
Proceeds from Installment Financing	-	-	-	-
Transfers from other funds	25,000	305,977	-	-
Transfers (to) other funds	-	-	-	-
Total Other Financing Sources (Uses)	25,000	305,977	-	-
Net change in fund balances	25,297	(102,581)	-	31
Fund balance, beginning	293,003	76,948	-	189,673
Fund balance, ending	\$ 318,300	\$ (25,633)	\$ -	\$ 189,704

<u>Piedmont Way Widening & Sidewalk Project</u>	<u>ERP System Project Fund</u>	<u>Street Resurfacing Project</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -
-	704	-	1,032
-	-	-	-
-	704	-	1,032
-	194,707	1,412,863	2,016,128
-	194,707	1,412,863	2,016,128
-	(194,003)	(1,412,863)	(2,015,096)
-	-	-	-
-	250,000	-	580,977
-	-	-	-
-	250,000	-	580,977
-	55,997	(1,412,863)	(1,434,119)
-	596,561	1,456,807	2,612,992
\$ -	\$ 652,558	\$ 43,944	1,178,873

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENT PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 297	\$ 297
Total Revenues	<u>-</u>	<u>297</u>	<u>297</u>
Expenditures:			
Supplies	\$ -	\$ -	\$ -
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Revenues (Under) Expenditures	\$ (25,000)	297	\$ 25,297
Other Financing Sources:			
Transfer from other fund: Capital Reserve	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	25,297	<u>\$ 25,297</u>
Fund balance, beginning		<u>293,003</u>	
Fund balance, ending		<u>\$ 318,300</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – WILLOWBROOK PARK MULTI-USE TRAIL PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
ARRA Grant	\$ 85,000	\$ -	\$ -	\$ -	\$ (85,000)
Total Revenues	85,000	-	-	-	(85,000)
Expenditures:					
Capital improvements	85,000	-	-	-	85,000
Total Expenditures	85,000	-	-	-	85,000
Revenues Over (Under) Expenditures	\$ -	\$ -		\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – PIEDMONT WAY WIDENING & SIDEWALK PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
ARRA Grant	\$ 50,000	\$ 27,517	\$ -	\$ 27,517	\$ (22,483)
Total Revenues	50,000	27,517	-	27,517	(22,483)
Expenditures:					
Capital other improvements	50,000	27,517	-	27,517	22,483
Total Expenditures	50,000	27,517	-	27,517	22,483
Revenues Over (Under) Expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – ERP SYSTEM PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Investment earnings	-	2,784	704	3,488	3,488
Total Revenues	-	2,784	704	3,488	3,488
Expenditures:					
Professional Services	\$ 50,000	\$ 152,874	\$ -	\$ 152,874	\$ (102,874)
Travel – Consultants	-	18,522	-	18,522	(18,522)
Software	1,729,750	759,383	104,174	863,557	866,193
Equipment - Hardware	107,000	382,362	-	382,362	(275,362)
Other Equipment	117,500	56,903	90,533	147,436	(29,936)
Supplies	-	40,429	-	40,429	(40,429)
Total Expenditures	2,004,250	1,410,473	194,707	1,605,180	399,070
Revenues Over (Under) Expenditures	(2,004,250)	(1,407,689)	(194,003)	(1,601,692)	402,558
Other Financing Sources:					
Transfers from other funds:					
Capital Reserve	362,650	362,650	-	-	-
Water & Sewer	398,100	398,100	-	-	-
General Fund	1,243,500	1,243,500	250,000	1,493,500	250,000
Total Other Financing Sources	2,004,250	2,004,250	250,000	2,254,250	250,000
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 596,561	55,997	\$ 652,558	\$ 652,558
Fund balance, beginning			596,561		
Fund balance, ending			<u>\$ 652,558</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – STREET RESURFACING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures:					
Professional Services	50,000	15,250	-	15,250	34,750
Loan fees	5,000	500	-	500	4,500
Wi-fi project	-	61,778	25,317	87,095	(87,095)
Contingency	290,000	-	-	-	290,000
Street resurfacing/ repair	<u>2,554,000</u>	<u>1,364,665</u>	<u>1,387,546</u>	<u>2,752,211</u>	<u>(198,211)</u>
Total Expenditures	<u>2,899,000</u>	<u>1,442,193</u>	<u>1,412,863</u>	<u>2,855,056</u>	<u>43,944</u>
Revenues (Under) Expenditures	<u>(2,899,000)</u>	<u>(1,442,193)</u>	<u>(1,412,863)</u>	<u>(2,855,056)</u>	<u>43,944</u>
Other Financing Sources:					
Proceeds from RZED installment financing	<u>2,899,000</u>	<u>2,899,000</u>	<u>-</u>	<u>2,899,000</u>	<u>-</u>
Total Other Financing Sources	<u>2,899,000</u>	<u>2,899,000</u>	<u>-</u>	<u>2,899,000</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,456,807</u>	<u>(1,412,863)</u>	<u>\$ 43,944</u>	<u>\$ 43,944</u>
Fund balance, beginning			<u>1,456,807</u>		
Fund balance, ending			<u>\$ 43,944</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – MEBANE ST./GRAND OAKS SIDEWALK PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 1,188	\$ 31	\$ 1,219	\$ 1,219
Total Revenues	-	1,188	31	1,219	1,219
Expenditures:					
Mebane St. Sidewalk	170,402	-	-	-	170,402
Grand Oaks Building Sidewalk	18,083	-	-	-	18,083
Total Expenditures	188,485	-	-	-	188,485
Revenues Over (Under) Expenditures	(188,485)	1,188	31	1,219	189,074
Other Financing Sources:					
Transfers from other funds					
General Fund	188,485	188,485	-	188,485	-
Total Other Financing Sources	188,485	188,485	-	188,485	-
Revenues and Other Sources Over Expenditures	\$ -	\$ 189,673	31	\$ 189,704	\$ 189,704
Fund balance, beginning			189,673		
Fund balance, ending			\$ 189,704		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – RENOVATION OF EXISTING RECREATION & PARK FACILITIES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Buildings	\$ 30,200	\$ 18,700	\$ -	\$ 18,700	\$ 11,500
Maintenance repair					
Building and Ground	100,834	65,152	26,500	91,652	9,182
Capital Other					
Improvements	94,406	89,200	5,200	94,400	6
Capital greens					
Improvements	<u>377,000</u>	<u>-</u>	<u>376,858</u>	<u>376,858</u>	<u>142</u>
Total Expenditures	<u>602,440</u>	<u>173,052</u>	<u>408,558</u>	<u>581,610</u>	<u>20,830</u>
Revenues (Under)					
Expenditures	<u>(602,440)</u>	<u>(173,052)</u>	<u>(408,558)</u>	<u>(581,610)</u>	<u>20,830</u>
Other Financing Sources:					
Transfers from other					
funds					
Capital Reserve	482,440	250,000	185,977	435,977	(46,463)
General Fund	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total Other Financing					
Sources	<u>602,440</u>	<u>250,000</u>	<u>305,977</u>	<u>555,977</u>	<u>(46,463)</u>
Revenues and Other Sources					
Over Expenditures	<u>\$ -</u>	<u>\$ 76,948</u>	<u>(102,581)</u>	<u>\$ (25,633)</u>	<u>\$ (25,633)</u>
Fund balance, beginning			<u>76,948</u>		
Fund balance, ending			<u>\$ (25,633)</u>		



ENTERPRISE FUNDS
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
 STORM WATER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ _____	\$ 447,628	\$ _____
Total Operating Revenues	<u>\$ 403,355</u>	<u>\$ 447,628</u>	<u>\$ 44,273</u>
Nonoperating Revenues:			
Other fees and charges	_____	4,803	_____
Total Nonoperating Revenues	_____	<u>4,803</u>	<u>4,803</u>
Total Revenues	<u>403,355</u>	<u>452,431</u>	<u>49,076</u>
Expenditures:			
Salaries and Employee Benefits		155,913	
Operating Expenditures		13,188	
Capital Improvements		29,049	
Engineering/professional fees		93,928	
Equipment	_____	<u>21,957</u>	_____
Total Expenditures	<u>463,910</u>	<u>314,035</u>	<u>149,875</u>
Revenues Over (Under) Expenditures	(60,555)	<u>\$ 138,396</u>	<u>\$ 198,951</u>
Fund Equity Appropriated	<u>60,555</u>		
	<u>\$ _____</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues Over Expenditures		\$ 138,396	
Reconciling items:			
Depreciation		(8,956)	
Capital Outlay		<u>21,957</u>	
Net Income		<u>\$ 151,397</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water sales		10,018,291	
Sewer charges		11,657,911	
Water taps		117,265	
Sewer taps		14,680	
	<u>21,200,500</u>	<u>21,808,147</u>	<u>607,647</u>
Nonoperating Revenues:			
Interest on investments		124,585	
Interest on assessments		11,702	
Miscellaneous		202,280	
Water and sewer assessments		-	
Water line assessments		11,235	
Sewer line assessments		15,850	
Water connection fees		11,400	
Sewer connection fees		4,000	
Other fees and charges		1,448,943	
	<u>1,784,320</u>	<u>1,829,995</u>	<u>45,675</u>
Total Revenues	<u>22,984,820</u>	<u>23,638,142</u>	<u>653,322</u>
Expenditures:			
Building and Administrative -			
Water:			
Salaries and employee			
benefits		354,277	
Operating expenditures		663,503	
Reimbursement to General			
Fund		1,600,000	
	<u>2,554,758</u>	<u>2,617,780</u>	<u>(63,022)</u>
Customer Services:			
Salaries and employee			
benefits		655,515	
Operating expenditures		495,913	
	<u>1,142,398</u>	<u>1,151,428</u>	<u>(9,030)</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits		205,768	
Operating expenditures		<u>59,892</u>	
Total	<u>311,793</u>	<u>265,660</u>	<u>46,133</u>
Water Line - Maintenance and Repairs:			
Salaries and employee benefits		308,267	
Operating expenditures		<u>330,553</u>	
Total	<u>695,867</u>	<u>638,820</u>	<u>57,047</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits		244,756	
Operating expenditures		<u>142,553</u>	
Total	<u>461,237</u>	<u>387,309</u>	<u>73,928</u>
Water Line Service and Construction:			
Salaries and employee benefits		175,076	
Operating expenditures		80,451	
Materials - taps		80,239	
Materials - lines		<u>18,839</u>	
Total	<u>555,025</u>	<u>354,605</u>	<u>200,420</u>
Sewer Line Service and Construction:			
Salaries and employee benefits		39,249	
Operating expenditures		64,314	
Materials - taps		29,343	
Materials - lines		<u>44,184</u>	
Total	<u>304,605</u>	<u>177,090</u>	<u>127,515</u>
Supervision:			
Salaries and employee benefits		466,182	
Operating expenditures		<u>114,309</u>	
Total	<u>604,020</u>	<u>580,491</u>	<u>23,529</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Water Sources - Protection:			
Utilities		79,379	
Operating expenditures		<u>48,531</u>	
Total	<u>163,632</u>	<u>127,910</u>	<u>35,722</u>
Ed Thomas Water Plant:			
Salaries and employee benefits		394,833	
Chemicals		241,543	
Utilities		120,748	
Operating expenditures		<u>448,378</u>	
Total	<u>1,193,905</u>	<u>1,205,502</u>	<u>(11,597)</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits		468,016	
Utilities		245,408	
Chemicals		595,438	
Operating expenditures		<u>342,770</u>	
Total	<u>2,037,423</u>	<u>1,651,632</u>	<u>385,791</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits		617,746	
Utilities		573,875	
Chemicals		122,385	
Operating expenditures		<u>502,337</u>	
Total	<u>1,999,105</u>	<u>1,816,343</u>	<u>182,762</u>
East Burlington Waste Treatment Plant:			
Salaries and employee benefits		710,164	
Utilities		590,105	
Chemicals		127,408	
Operating expenditures		570,694	
Sludge disposal		<u>287,020</u>	
Total	<u>2,626,123</u>	<u>2,285,391</u>	<u>340,732</u>
Laboratories:			
Salaries and employee benefits		351,712	
Operating expenditures		<u>115,288</u>	
Total	<u>503,533</u>	<u>467,000</u>	<u>36,533</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Plants Maintenance:			
Salaries and employee benefits		542,364	
Operating expenditures		<u>178,242</u>	
Total	<u>906,785</u>	<u>720,606</u>	<u>186,179</u>
Lakes and Marinas:			
Salaries and related benefits		257,663	
Utilities		27,512	
Operating expenditures		<u>58,199</u>	
Total	<u>378,563</u>	<u>343,374</u>	<u>35,189</u>
Debt Service:			
Principal - water bonds	105,000	91,595	13,405
Interest - water bonds	-	-	-
Principal - sewer bonds	1,242,384	1,242,391	(7)
Interest - sewer bonds	419,052	419,054	(2)
Principal-COPS	710,000	710,000	-
Interest-COPS	<u>359,163</u>	<u>319,959</u>	<u>39,204</u>
Total	<u>2,835,599</u>	<u>2,782,999</u>	<u>52,600</u>
Capital Outlay:			
Water lines	230,635	149,339	81,296
Miscellaneous water	357,498	235,307	122,191
Sewer lines	390,800	274,332	116,468
Miscellaneous sewer	<u>203,500</u>	<u>149,789</u>	<u>53,711</u>
Total Capital Outlay	<u>1,182,433</u>	<u>808,767</u>	<u>373,666</u>
Total Expenditures	<u>20,456,804</u>	<u>18,382,707</u>	<u>2,074,097</u>
Revenues Over (Under) Expenditures	<u>2,528,016</u>	<u>5,255,435</u>	<u>2,727,419</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other Financing Sources (Uses):			
Transfers from other Funds:			
Mebane St./St. John Culvert	16,400	16,398	(2)
Stoney Creek and Lake Cammack Dams Project Fund	419,000	542,352	123,352
Jordan Lake Rules Project Fund	206,100	206,100	-
Transfers to other funds:			
Senior Center ARRA Cistern Project	(10,600)	(10,592)	8
Jordan Lake Project Fund Project Fund	(916,700)	-	916,700
Group Health Insurance Fund	(70,000)	(70,000)	-
Stoney Creek and Lake Cammack Dams Project Fund	(366,300)	-	366,300
Workmen's Compensation Self Insurance Fund	(118,570)	(118,570)	-
Water Capital Reserve	(872,973)	(872,973)	-
Sewer Capital Reserve	(872,973)	(872,973)	-
Total Other Financing Sources (Uses)	<u>(2,586,616)</u>	<u>(1,180,258)</u>	<u>1,406,358</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(58,600)	<u>\$ 4,075,177</u>	<u>\$ 4,133,777</u>
Fund Equity Appropriated	<u>58,600</u>		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

Reconciliation From Budgetary Basis (Modified Accrual)
 to Full Accrual:

Revenues and other sources over expenditures and other uses	\$ 4,075,177
Reconciling Items:	
Bond closing costs	123,353
Bond principal payments	1,333,986
COPS principal payments	710,000
Amortization of gain on defeasance	5,902
Amortization of bond issuance costs	(55,427)
Amortization of bond premium	18,532
Capital outlay	808,767
Operating transfers (in) out	991,688
Loss on disposal of capital assets	(343,869)
Increase in inventories	2,978
Increase in accrued interest payable	(1,137,237)
Increase accrued vacation pay	(204,757)
Increase in accrued OPEB liability	(107,981)
Capital project cost sharing and other reimbursements	2,726,132
Capital project net expenses	(3,342,385)
Depreciation	<u>(4,200,193)</u>
Net Income	<u>\$ 1,404,666</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS - WATER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ <u> -</u>	\$ <u> 16,225</u>	\$ <u> 16,225</u>
Total Revenues	<u> -</u>	<u> 16,225</u>	<u> 16,225</u>
Expenditures:			
Capital Outlay	<u> 872,973</u>	<u> -</u>	<u> 872,973</u>
Total Expenditures	<u> 872,973</u>	<u> -</u>	<u> 872,973</u>
Revenues Over (Under) Expenditures	<u> (872,973)</u>	<u> 16,225</u>	<u> 889,198</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund	872,973	872,973	-
Jordan Lake Rules Project	125,000	125,000	-
Stoney Creek and Lake Cammack Dams	<u>419,000</u>	<u>419,000</u>	<u> -</u>
Total Other Financing Sources (Uses)	<u>1,416,973</u>	<u>1,416,973</u>	<u> -</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	544,000	1,433,198	<u>\$ 889,198</u>
Fund balance, appropriated	<u>(544,000)</u>		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		<u>5,503,133</u>	
Fund Balance, ending		<u>\$ 6,936,331</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS - SEWER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 16,250	\$ 16,250
Total Revenues	<u>-</u>	<u>16,250</u>	<u>16,250</u>
Expenditures:			
Capital Outlay	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Total Expenditures	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Revenues Over (Under) Expenditures	<u>(872,973)</u>	<u>16,250</u>	<u>889,223</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund	872,973	872,973	-
Jordan Lake Rules Fund	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>997,973</u>	<u>997,973</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	125,000	1,014,223	<u>\$ 889,223</u>
Fund balance appropriated	<u>(125,000)</u>		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		<u>5,941,092</u>	
Fund Balance, ending		<u>\$ 6,955,315</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS - TANK REMOVAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
UST					
reimbursement	\$ 335,000	\$ 502,754	\$ -	\$ 502,754	\$ 167,754
Miscellaneous					
Investment earnings	-	2,290	239	2,529	2,529
Sales tax refunds	-	520	-	520	520
Total Revenues	<u>335,000</u>	<u>505,564</u>	<u>239</u>	<u>505,803</u>	<u>170,803</u>
Expenditures:					
Tank Removal	835,000	866,696	-	866,696	(31,696)
Utilities	-	9,521	-	9,521	(9,521)
Remediation	<u>120,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,600</u>
Total Expenditures	<u>955,600</u>	<u>876,217</u>	<u>-</u>	<u>876,217</u>	<u>79,383</u>
Revenues Over (Under) Expenditures	<u>(620,600)</u>	<u>(370,653)</u>	<u>239</u>	<u>(370,414)</u>	<u>250,186</u>
Other Financing Sources:					
Transfers from other funds:					
Water Capital Reserve Fund	500,000	500,000	-	500,000	-
Capital Reserve Fund	<u>120,600</u>	<u>120,600</u>	<u>-</u>	<u>120,600</u>	<u>-</u>
Total Other Financing Sources	<u>620,600</u>	<u>620,600</u>	<u>-</u>	<u>620,600</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 249,947</u>	<u>\$ 239</u>	<u>\$ 250,186</u>	<u>\$ 250,186</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – ELEVATED WATER STORAGE TANKS SOLAR POWERED
 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Professional services	\$ 42,500	\$ 16,850	\$ 650	\$ 17,500	\$ 25,000
Construction	115,200	-	112,896	112,896	2,304
Loan fee	2,826	-	-	-	2,826
Contingency	<u>5,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,760</u>
Total Expenditures	<u>166,286</u>	<u>16,850</u>	<u>113,546</u>	<u>130,396</u>	<u>35,890</u>
Revenues Over (Under) Expenditures	<u>(166,286)</u>	<u>(16,850)</u>	<u>(113,546)</u>	<u>(130,396)</u>	<u>35,890</u>
Other Financing Sources:					
Transfers from other funds:					
Water and Sewer Fund	33,586	33,586	-	33,586	-
Revolving loan proceeds	<u>132,700</u>	<u>-</u>	<u>118,191</u>	<u>118,191</u>	<u>(14,509)</u>
Total Other Financing Sources (Uses)	<u>166,286</u>	<u>33,586</u>	<u>118,191</u>	<u>151,777</u>	<u>(14,509)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 16,736</u>	<u>\$ 4,645</u>	<u>\$ 21,381</u>	<u>\$ 21,381</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – STONEY CREEK AND LAKE CAMMACK DAMS PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 5,191	\$ 5,191	\$ 5,191
Total Revenues	-	-	5,191	5,191	5,191
Expenditures:					
Professional Services - Stoney Creek	\$ 1,049,000	\$ 95,532	\$ 411,920	\$ 507,452	\$ 541,548
Professional Services - Lake Cammack	695,000	25,142	453,556	478,698	216,302
Construction-Lake Cammack	1,161,408	-	624,126	624,126	537,282
Issuance Costs- Lake Cammack	40,336	-	83,043	83,043	(42,707)
Contingency-Lake Cammack	92,820	-	-	-	92,820
Construction-Stoney Creek	3,202,614	-	852,729	852,729	2,349,885
Issuance Costs- Stoney Creek	92,377	-	-	-	92,377
Contingency-Stoney Creek	212,582	-	-	-	212,582
Total Expenditures	6,546,137	120,674	2,425,374	2,546,048	4,000,089
Revenues Over (Under) Expenditures	(6,546,137)	(120,674)	(2,420,183)	(2,540,857)	4,005,280
Other Financing Sources:					
Bond proceeds	6,546,137	-	8,969,761	8,969,761	2,423,624
Transfers from other funds:					
Water and Sewer Fund	419,000	419,000	-	419,000	-
Water Capital Reserve Fund	419,000	419,000	-	419,000	-
Transfers to other funds:					
Water and Sewer Fund	(419,000)	-	(542,352)	(542,352)	(123,352)
Water Capital Reserve Fund	(419,000)	-	(419,000)	(419,000)	-
Total Other Financing Sources (Uses)	6,546,137	838,000	8,008,409	8,846,409	2,300,272
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 717,326	\$ 5,588,226	\$ 6,305,552	\$ 6,305,552

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – MEBANE ST./GRAND OAKS WATER LINE PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Interest	\$ -	\$ 12,337	\$ 839	\$ 13,176	\$ 13,176
Total Revenues	-	12,337	839	13,176	13,176
Expenditures:					
Construction	1,507,425	779,463	-	779,463	727,962
Total Expenditures	1,507,425	779,463	-	779,463	727,962
Revenues Over (Under) Expenditures	(1,507,425)	(767,126)	839	(766,287)	741,138
Other Financing Sources:					
Transfers from other funds:					
Water and Sewer Fund	1,257,425	1,257,425	-	1,257,425	-
Storm Water Fund	250,000	250,000	-	250,000	-
Total Other Financing Sources	1,507,425	1,507,425	-	1,507,425	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 740,299	\$ 839	\$ 741,138	\$ 741,138

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – JORDAN LAKE RULES PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures:					
Engineering fees	\$ 1,097,000	481,441	642,789	1,124,230	(27,230)
Construction costs	5,708,000	-	239,070	239,070	5,468,930
Contingency	340,250	-	-	-	340,250
Issuance costs	148,057	-	92,519	92,519	55,538
Total Expenditures	7,293,307	481,441	974,378	1,455,819	5,837,488
Revenues Over (Under) Expenditures	(7,293,307)	(481,441)	(974,378)	(1,455,819)	5,837,488
Other Financing Sources:					
Bond proceeds	7,293,307	-	4,935,629	4,935,629	(2,357,678)
Transfers from other funds:					
Water and Sewer Fund	206,100	206,100	-	206,100	-
Water Capital Reserve Fund	125,000	125,000	-	125,000	-
Sewer Capital Reserve Fund	125,000	125,000	-	125,000	-
Transfers to other funds:					
Water and Sewer Fund	(206,100)	-	(206,100)	(206,100)	-
Water Capital Reserve Fund	(125,000)	-	(125,000)	(125,000)	-
Sewer Capital Reserve Fund	(125,000)	-	(125,000)	(125,000)	-
Total Other Financing Sources	7,293,307	456,100	4,479,529	4,935,629	(2,357,678)
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ (25,341)	\$ 3,505,151	\$ 3,479,810	\$ 3,479,810

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – SENIOR CENTER ARRA CISTERN PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Professional fees	\$ 20,000	12,419	7,581	20,000	-
Closing costs	650	650	-	650	-
Construction	<u>71,470</u>	<u>37,459</u>	<u>34,003</u>	<u>71,462</u>	<u>8</u>
Total Expenditures	<u>92,120</u>	<u>50,528</u>	<u>41,584</u>	<u>92,112</u>	<u>8</u>
Revenues Over (Under)					
Expenditures	<u>(92,120)</u>	<u>(50,528)</u>	<u>(41,584)</u>	<u>(92,112)</u>	<u>8</u>
Other Financing Sources:					
ARRA Revolving loan	65,000	65,000	-	65,000	-
Transfers from other funds:					
Water and Sewer Fund	<u>27,120</u>	<u>16,520</u>	<u>10,592</u>	<u>27,112</u>	<u>(8)</u>
Total Other Financing Sources	<u>92,120</u>	<u>81,520</u>	<u>10,592</u>	<u>92,112</u>	<u>(8)</u>
Revenues and Other Sources Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ 30,992</u>	<u>\$ (30,992)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – MEBANE STREET – ST. JOHN STREET. CULVERT PROJECT
 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Professional services	\$ 18,500	-	-	-	18,500
Construction	<u>248,950</u>	<u>230,176</u>	<u>-</u>	<u>230,176</u>	<u>18,774</u>
Total Expenditures	<u>267,450</u>	<u>230,176</u>	<u>-</u>	<u>230,176</u>	<u>37,274</u>
Revenues Over (Under) Expenditures	<u>(267,450)</u>	<u>(230,176)</u>	<u>-</u>	<u>(230,176)</u>	<u>37,274</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Water and Sewer Fund	(16,400)	-	(16,398)	(16,398)	2
Stormwater Fund	150,000	150,000	-	150,000	-
Community Development	117,450	117,446	-	117,446	(4)
Storm Water	<u>(37,271)</u>	<u>(20,872)</u>	<u>-</u>	<u>(20,872)</u>	<u>16,399</u>
Total Other Financing Sources	<u>213,779</u>	<u>246,574</u>	<u>(16,398)</u>	<u>230,176</u>	<u>16,397</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (53,671)</u>	<u>\$ 16,398</u>	<u>\$ (16,398)</u>	<u>\$ -</u>	<u>\$ 53,671</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS –JORDAN LAKE RULES SECOND PHASE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures:					
Professional services- S. Burlington WWTP	\$ 2,363,057	\$ -	\$ 170,013	\$ 170,013	\$ 2,193,044
Professional services- E. Burlington WWTP	-	-	237,368	237,368	(237,368)
Total Expenditures	2,363,057	-	407,381	407,381	1,955,676
Revenues Over (Under) Expenditures	(2,363,057)	-	(407,381)	(407,381)	1,955,676
Other Financing Sources:					
Bond proceeds	2,363,057	-	-	-	(2,363,057)
Total Other Financing Sources	2,363,057	-	-	-	(2,363,057)
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ -	\$ (407,381)	\$ (407,381)	\$ (407,381)





INTERNAL SERVICE FUND
Combining Schedules
And Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2011

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,696,374	\$ 2,163,259	\$ 8,221,483	\$ 12,081,116
Accounts receivable	-	-	-	-
Due from other funds	72	-	665	737
Prepaid Insurance	-	-	9,433	9,433
Total Assets	<u>\$ 1,696,446</u>	<u>\$ 2,163,259</u>	<u>\$ 8,231,581</u>	<u>\$ 12,091,286</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 63,779	\$ 130,453	\$ 432,670	\$ 626,902
Total Current Liabilities	<u>63,779</u>	<u>130,453</u>	<u>432,670</u>	<u>626,902</u>
NET ASSETS:				
Unrestricted	<u>1,632,667</u>	<u>2,032,806</u>	<u>7,798,911</u>	<u>11,464,384</u>
Total Net Assets	<u>\$ 1,632,667</u>	<u>\$ 2,032,806</u>	<u>\$ 7,798,911</u>	<u>\$ 11,464,384</u>

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 For The Fiscal Year Ended June 30, 2011

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Operating Revenues:				
Charges for services	\$ 486,785	\$ *	\$ 4,415,539	\$ 4,902,324
Total Operating Revenues	<u>486,785</u>	<u>-</u>	<u>4,415,539</u>	<u>4,902,324</u>
Operating Expenses:				
Salaries and employee benefits	-	197,309	140,767	338,076
Operating expenses	-	105,568	28,315	133,883
Claims paid, excess loss coverage and claims administration	<u>457,177</u>	<u>246,192</u>	<u>4,102,192</u>	<u>4,805,561</u>
Total Operating Expenses	<u>457,177</u>	<u>549,069</u>	<u>4,271,274</u>	<u>5,277,520</u>
Operating Income (Loss)	<u>29,608</u>	<u>(549,069)</u>	<u>144,265</u>	<u>(375,196)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>4,306</u>	<u>7,942</u>	<u>31,183</u>	<u>43,431</u>
Total Non-Operating Revenues	<u>4,306</u>	<u>7,942</u>	<u>31,183</u>	<u>43,431</u>
Income (Loss) before transfers	33,914	(541,127)	175,448	(331,765)
Transfers from other funds	<u>-</u>	<u>396,424</u>	<u>105,002</u>	<u>501,426</u>
Change in net assets	33,914	(144,703)	280,450	169,661
Total net assets – beginning	<u>1,598,753</u>	<u>2,177,509</u>	<u>7,518,461</u>	<u>11,294,723</u>
Net Assets, End of Year	<u>\$ 1,632,667</u>	<u>\$ 2,032,806</u>	<u>\$ 7,798,911</u>	<u>\$ 11,464,384</u>

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For The Fiscal Year Ended June 30, 2011

	Dental Self Insurance Fund	Workers Compensation Self Insurance Fund	Group Health Benefits Self Insurance Fund	Total Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 487,703	\$ -	\$ 4,450,968	\$ 4,938,671
Cash paid for goods and services	(459,518)	(344,711)	(4,142,181)	(4,946,410)
Cash paid to employees	<u>-</u>	<u>(197,309)</u>	<u>(140,767)</u>	<u>(338,076)</u>
Net cash provided by operating activities	<u>28,185</u>	<u>(542,020)</u>	<u>168,020</u>	<u>(345,815)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
(Increase) Decrease in due from other funds	<u>4,348</u>	<u>-</u>	<u>5,083</u>	<u>9,431</u>
Net cash provided (used) by noncapital financing activities	<u>4,348</u>	<u>-</u>	<u>5,083</u>	<u>9,431</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfer from other funds:				
General Fund	-	277,854	35,002	312,856
Water and Sewer	<u>-</u>	<u>118,570</u>	<u>70,000</u>	<u>188,570</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>396,424</u>	<u>105,002</u>	<u>501,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>4,306</u>	<u>7,942</u>	<u>31,183</u>	<u>43,431</u>
Net cash provided by investing activities	<u>4,306</u>	<u>7,942</u>	<u>31,183</u>	<u>43,431</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,839	(137,654)	309,288	208,473
Balances – Beginning of Year	<u>1,659,535</u>	<u>2,300,913</u>	<u>7,912,195</u>	<u>11,872,643</u>
Balances – End of Year	<u>\$ 1,696,374</u>	<u>\$ 2,163,259</u>	<u>\$ 8,221,483</u>	<u>\$ 12,081,116</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For The Fiscal Year Ended June 30, 2011

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss) \$	29,608	\$ (549,069)	\$ 144,265	\$ (375,196)
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	918	7,090	35,266	43,274
(Increase) Decrease in prepaid insurance	-	-	163	163
Increase (Decrease) in accounts payable	<u>(2,341)</u>	<u>(41)</u>	<u>(11,674)</u>	<u>(14,056)</u>
Net cash provided by operating activities	<u>\$ 28,185</u>	<u>\$ (542,020)</u>	<u>\$ 168,020</u>	<u>\$ (345,815)</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WORKERS COMPENSATION SELF INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ _____	\$ _____ -	\$ _____
Total Operating Revenues	-	-	-
Non-Operating Revenues:			
Investment Earnings	<u>18,000</u>	<u>7,942</u>	<u>10,058</u>
Totals Revenues	<u>18,000</u>	<u>7,942</u>	<u>10,058</u>
Expenditures:			
Salaries and employee benefits		197,309	
Operating expenses		36,397	
Contractual services		69,029	
Workers compensation		246,192	
Safety training		<u>142</u>	
Total Expenditures	<u>849,277</u>	<u>549,069</u>	<u>300,208</u>
Revenues Over (Under) Expenditures	<u>(831,277)</u>	<u>(541,127)</u>	<u>290,150</u>
Other Financing Sources			
Transfers from other funds:			
General Fund		277,854	
Water and Sewer Fund		<u>118,570</u>	
Total Other Financing Sources	<u>396,424</u>	<u>396,424</u>	-
Revenues and Other Sources (Under) Expenditures	\$ (434,853)	\$ <u>(144,703)</u>	\$ <u>290,150</u>
Fund balance appropriated	<u>434,853</u>		
Net change in fund balance	<u>_____</u>		
Reconciliation From Financial Plan (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		\$ (144,703)	
Reconciling Items:			
Decrease in allowance for unfiled claims		<u>_____</u>	
Net Income		<u>\$ (144,703)</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 GROUP HEALTH BENEFITS SELF INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$	\$ 3,246,642	\$
City of Burlington Employee Premium		<u>1,168,897</u>	
Total Operating Revenues	4,315,902	4,415,539	99,637
Non-Operating Revenues:	-	<u>31,183</u>	<u>31,183</u>
Total Revenues	<u>4,315,902</u>	<u>4,446,722</u>	<u>130,820</u>
Expenditures:			
Salaries and employee benefits		140,767	
Operating expenditures		28,315	
Third party administration		299,758	
City of Burlington Claims		<u>3,802,434</u>	
Total Expenditures	<u>4,708,942</u>	<u>4,271,274</u>	<u>437,668</u>
Revenues Over (Under) Expenditures	<u>\$ (393,040)</u>	<u>\$ 175,448</u>	<u>\$ 568,488</u>
Other Financing Sources			
Transfers from other funds:			
General Fund	35,002	35,002	-
Water and Sewer Fund	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total Other Financing Sources	<u>105,002</u>	<u>105,002</u>	<u>-</u>
Revenues and Other Sources Over Expenditures	<u>\$ (288,038)</u>	<u>\$ 280,450</u>	<u>\$ 568,488</u>
Fund balance, appropriated	<u>288,038</u>		
Net change in fund balance	<u>\$ -</u>		
Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and Other Sources Over		\$ 280,450	
Reconciling Items:			
Increase in allowance for unfiled claims		<u>15,661</u>	
Net Income		<u>\$ 296,111</u>	





OTHER SCHEDULES

OTHER SCHEDULES

This section includes additional information on property taxes and interfund transfers.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2011

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2010</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-2011	\$	\$ 25,539,267	\$ 24,772,090	\$ 767,177
2009-2010	1,170,477		829,811	340,666
2008-2009	463,115		271,938	191,177
2007-2008	250,583		95,568	155,015
2006-2007	191,640		60,054	131,586
2005-2006	160,302		32,952	127,350
2004-2005	128,273		28,303	99,970
2003-2004	105,181		14,953	90,228
2002-2003	110,305		7,190	103,115
2001-2002	62,630		6,305	56,325
2000-2001	52,574		48,614	3,960
1999-2000	7,924		3,936	3,988
1965-1998	23,603		6,485	17,118
	<u>\$ 2,726,607</u>	<u>\$ 25,539,267</u>	<u>\$ 26,178,199</u>	<u>\$ 2,087,675</u>
Less: Allowance for uncollectible accounts:				
General Fund				(962,853)
Special Revenue Fund				<u>(43,620)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 1,081,202</u>
<u>Reconciliation with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 25,856,041
Taxes - ad valorem - Special Revenue Fund				<u>138,783</u>
Total				25,994,824
Reconciling Items:				
Discounts allowed				293,960
Interest collected				(283,230)
Taxes written off				<u>172,645</u>
Total Collections and Credits				<u>\$ 26,178,199</u>

CITY OF BURLINGTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY WIDE LEVY
For The Fiscal Year Ended June 30, 2011

	City-Wide			Total Levy	
	Property Valuation	Rate per \$100	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
City-Wide Levy:					
Original Levy:					
Property taxed at current year's rate	\$ 4,168,747,119	.59	\$ 24,595,608	\$ 22,924,651	\$ 1,670,957
Penalties	-		18,555	18,555	-
Total	<u>4,168,747,119</u>		<u>24,614,163</u>	<u>22,943,206</u>	<u>1,670,957</u>
Discoveries:					
Current year taxes	133,816,949	.59	789,520	774,774	14,746
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>133,816,949</u>		<u>789,520</u>	<u>774,774</u>	<u>14,746</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	-		(7,949)	(7,949)	-
Abatements	(38,372,881)	.59	(226,400)	(193,073)	(33,327)
Total	<u>(38,372,881)</u>		<u>(234,349)</u>	<u>(201,022)</u>	<u>(33,327)</u>
Total Property Valuation	<u>\$ 4,264,191,187</u>				
Net City Wide levy			25,169,334	23,516,958	1,652,376
Uncollected Taxes at June 30, 2011			<u>(766,068)</u>	<u>(548,046)</u>	<u>(218,022)</u>
Current Year's Taxes Collected			<u>\$ 24,403,266</u>	<u>\$ 22,968,912</u>	<u>\$ 1,434,354</u>
Current City-Wide Levy Collection Percentage			<u>96.96%</u>	<u>97.67%</u>	<u>86.81%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 84,735,000	.16	\$ 135,576	\$ 134,655	\$ 921
Discoveries:					
Current year taxes	5,625		9	-	9
Abatements and Adjustments:					
Abatements	(11,250)		(18)	-	(18)
Total Property Valuation	<u>\$ 84,729,375</u>				
Net Downtown Special Tax District Levy			135,567	134,655	912
Uncollected Taxes at June 30, 2011			<u>(1,109)</u>	<u>(1,069)</u>	<u>(40)</u>
Current Year's Taxes Collected			<u>\$ 134,458</u>	<u>\$ 133,586</u>	<u>\$ 872</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>99.18%</u>	<u>99.21%</u>	<u>95.61%</u>



Statistical Section

This part of the City of Burlington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129-136
Revenue Capacity These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	137-140
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	141-145
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	146-147
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	148-150

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Schedule 1
City of Burlington, North Carolina
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 42,802,718	\$ 39,828,855	\$ 41,007,895	\$ 38,362,340
Restricted	11,376,455	30,330,078	26,384,988	23,458,009
Unrestricted	60,773,388	43,528,565	41,653,949	40,317,116
Total governmental activities net assets	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>	<u>\$ 109,046,832</u>	<u>\$ 102,137,465</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 97,111,037	\$ 109,690,950	\$ 109,331,715	\$ 107,080,492
Restricted	24,282,332	13,188,880	12,414,038	10,161,377
Unrestricted	31,292,633	28,245,081	23,327,332	22,666,013
Total business-type activities net assets	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>	<u>\$ 145,073,085</u>	<u>\$ 139,907,882</u>
Primary government				
Invested in capital assets, net of related debt	\$ 139,913,755	\$ 149,519,805	\$ 150,339,610	\$ 145,442,832
Restricted	35,658,787	43,518,958	38,799,026	33,619,386
Unrestricted	92,066,021	71,773,646	64,981,281	62,983,129
Total primary government net assets	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>	<u>\$ 254,119,917</u>	<u>\$ 242,045,347</u>

Fiscal Year				
<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 36,184,194	\$ 35,180,314	\$ 34,883,928	\$ 35,735,210	\$ 35,401,001
25,085,657	17,798,695	15,781,629	7,045,027	7,920,876
31,377,433	28,535,344	25,390,153	29,935,573	28,450,804
\$ 92,647,284	\$ 81,514,353	\$ 76,055,710	\$ 72,715,810	\$ 71,772,681

\$ 106,829,594	\$ 102,785,481	\$ 104,670,547	\$ 91,988,311	\$ 94,599,034
5,917,865	4,682,220	5,558,529	12,482,476	15,468,102
18,172,728	17,554,426	11,936,626	14,891,537	2,957,612
\$ 130,920,187	\$ 125,022,127	\$ 122,165,702	\$ 119,362,324	\$ 113,024,748

\$ 143,013,788	\$ 137,965,795	\$ 139,554,475	\$ 127,723,521	\$ 130,000,035
31,003,522	22,480,915	15,781,629	19,527,503	23,388,978
49,550,161	46,089,770	37,326,779	44,827,110	31,408,416
\$ 223,567,471	\$ 206,536,480	\$ 192,662,883	\$ 192,078,134	\$ 184,797,429

Schedule 2
City of Burlington, North Carolina
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses									
Governmental activities:									
General government	\$ 9,782,111	\$ 9,215,323	\$ 8,490,313	\$ 7,635,312	\$ 7,733,445	\$ 6,836,967	\$ 6,834,386	\$ 6,812,074	\$ 6,642,864
Public safety	20,077,388	19,012,031	18,063,290	17,759,301	16,297,845	15,740,847	15,526,355	14,890,057	13,590,526
Public works	8,931,972	7,511,084	8,513,949	9,064,789	6,985,391	6,931,658	6,273,072	7,014,302	6,564,032
Economic and physical development	1,367,129	1,510,984	933,593	820,213	723,084	1,019,551	1,258,892	830,763	645,551
Cultural and recreation	7,113,741	6,566,740	6,311,568	6,074,962	6,055,589	6,738,048	6,758,306	6,021,347	6,374,503
Interest on long-term debt	644,306	786,832	742,906	817,062	830,820	758,857	634,554	751,201	-
Total governmental activities expenses	<u>47,916,647</u>	<u>44,602,994</u>	<u>43,055,619</u>	<u>42,171,639</u>	<u>38,626,174</u>	<u>38,025,928</u>	<u>37,285,565</u>	<u>36,319,744</u>	<u>33,817,476</u>
Business-type activities:									
Storm water	310,474	364,391	310,215	167,149	180,423	97,631	-	-	-
Water and sewer	21,863,677	18,713,655	19,700,880	20,085,892	20,170,270	18,751,389	17,716,510	15,222,472	15,298,137
Total business-type activities expenses	<u>22,174,151</u>	<u>19,078,046</u>	<u>20,011,095</u>	<u>20,253,041</u>	<u>20,350,693</u>	<u>18,849,020</u>	<u>17,716,510</u>	<u>15,222,472</u>	<u>15,298,137</u>
Total primary government expenses	<u>\$ 70,090,798</u>	<u>\$ 63,681,040</u>	<u>\$ 63,066,714</u>	<u>\$ 62,424,680</u>	<u>\$ 58,976,867</u>	<u>\$ 56,874,948</u>	<u>\$ 55,002,075</u>	<u>\$ 51,542,216</u>	<u>\$ 49,115,613</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General Government	\$ 2,507,577	\$ 2,281,618	\$ 2,498,973	\$ 2,799,530	\$ 3,244,533	\$ 2,670,060	\$ 1,890,103	\$ 1,732,506	\$ 2,272,542
Public safety	306,973	297,876	165,633	303,219	256,793	257,795	248,848	198,018	187,122
Public works	1,290,419	1,505,613	1,308,766	1,221,897	1,025,645	1,014,710	1,096,505	1,174,926	1,095,689
Economic and physical development	9,777								
Cultural and recreation	2,692,531	2,904,183	3,060,166	3,198,844	2,903,431	2,818,126	2,553,060	2,312,867	2,022,256
Operating grants and contributions	3,448,673	4,052,652	3,716,104	4,274,106	3,878,463	4,020,829	3,680,905	2,831,209	2,820,504
Capital grants and contributions	-	-	-	-	-	-	136,114	956,326	756,970
Total governmental activities program revenues	<u>10,255,950</u>	<u>11,041,942</u>	<u>10,749,642</u>	<u>11,797,596</u>	<u>11,308,865</u>	<u>10,781,520</u>	<u>9,605,535</u>	<u>9,205,852</u>	<u>9,155,083</u>

Business-type activities:

Charge for services:									
Storm water	447,628	444,484	384,996	436,852	409,920	426,982	-	-	-
Water and sewer	21,290,176	22,341,844	20,458,936	21,783,210	19,523,541	19,491,890	17,164,878	16,906,694	14,926,099
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	162,641	1,352,089	3,744,889	3,478,513	3,721,422	670,974	2,069,678	2,836,874	2,108,597
Total business-type activities program revenues	21,900,445	24,138,417	24,588,821	25,698,575	23,654,883	20,589,846	19,234,556	19,743,568	17,034,696
Total primary government program revenues	\$ 32,156,395	\$ 35,180,359	\$ 35,338,463	\$ 37,496,171	\$ 34,963,748	\$ 31,371,366	\$ 28,840,091	\$ 28,949,420	\$ 26,189,779

Net (Expense)/Revenue

Governmental activities	\$(37,660,697)	\$(33,561,052)	\$(32,305,977)	\$(30,374,043)	\$(27,317,309)	\$(27,244,408)	\$(27,680,030)	\$(27,113,892)	\$(24,662,393)
Business-type activities	(273,706)	5,060,371	4,577,726	5,445,534	3,304,190	1,740,826	1,518,046	4,521,096	1,736,559
Total primary government net expense	\$(37,934,403)	\$(28,500,681)	\$(27,728,251)	\$(24,928,509)	\$(24,013,119)	\$(25,503,582)	\$(26,161,984)	\$(22,592,796)	\$(22,925,834)

General Revenues and Other Changes In Net Assets

Governmental activities:

Taxes									
Property taxes	\$ 25,121,552	\$ 25,790,731	\$ 24,116,052	\$ 22,908,219	\$ 22,052,513	\$ 19,031,183	\$ 18,737,396	\$ 16,634,150	\$ 16,702,452
Other taxes	9,554,263	8,539,976	9,335,642	9,905,788	9,956,747	8,686,534	7,722,097	7,077,783	6,235,009
Unrestricted grants and contributions	3,688,785	3,643,718	3,734,621	3,696,587	3,599,190	3,180,211	3,792,403	3,642,220	3,604,136
Unrestricted investment earnings	193,058	377,042	1,554,532	2,235,375	2,725,717	1,620,694	759,283	333,452	370,076
Miscellaneous	368,102	112,988	285,982	171,730	139,223	186,929	204,794	205,226	242,541
Transfers	-	(262,737)	188,515	443,500	(23,150)	(2,500)	(135,802)	(622,863)	315,000
Total governmental activities	38,925,760	38,201,718	39,215,344	39,361,199	38,450,240	32,703,051	31,080,171	27,269,968	27,469,214

Business-type activities:

Unrestricted investment earnings	129,388	253,715	643,067	1,037,433	1,273,104	813,760	373,969	181,758	271,388
Miscellaneous	1,705,409	475,003	132,925	1,099,668	1,297,616	299,339	775,561	482,749	314,300
Transfers	-	262,737	(188,515)	(443,500)	23,150	2,500	135,802	622,863	(315,000)
Total business-type activities	1,834,797	991,455	587,477	1,693,601	2,593,870	1,115,599	1,285,332	1,287,370	270,688
Total primary government	\$ 40,760,557	\$ 39,193,173	\$ 39,802,821	\$ 41,054,800	\$ 41,044,110	\$ 33,818,650	\$ 32,365,503	\$ 28,557,338	\$ 27,739,902

Change in Net Assets

Governmental activities	\$ 1,265,063	\$ 4,640,666	\$ 6,909,367	\$ 8,987,156	\$ 11,132,931	\$ 5,458,643	\$ 3,400,141	\$ 156,076	\$ 2,806,821
Business-type activities	1,561,091	6,051,826	5,165,203	7,139,135	5,898,060	2,856,425	2,803,378	5,808,466	2,007,247
Total primary government	\$ 2,826,154	\$ 10,692,492	\$ 12,074,570	\$ 16,126,291	\$ 17,030,991	\$ 8,315,068	\$ 6,203,519	\$ 5,964,542	\$ 4,814,068

Schedule 3
City of Burlington, North Carolina
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

133

	<u>Fiscal Year</u> <u>2011</u>
General Fund	
Restricted	
Stabilization by State Statute	\$ 6,163,934
Historic Books	1,418
Animal Shelter	562
Committed	
Capital Reserve Fund	18,603,387
Assigned	
Subsequent Years Expenditure	1,636,986
General Government	4,316,000
Parks and Recreation	1,398,269
Public Safety	5,450,000
Public Works	700,000
Unassigned	12,946,857
Total general fund	<u>\$51,217,413</u>
All Other Governmental Funds	
Restricted	
Stabilization by State Statute	\$ 5,014
Economic Development	\$ 7,606,888
Public Safety	375,237
Committed - Capital Improvements	1,204,506
Assigned	
Subsequent year's expenditures:	505,148
Unassigned	20,114
Total all other governmental funds	<u>\$ 9,716,907</u>

Note: The schedule above is after restating fund balance per GASB 54 statement.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved	\$ 5,704,163	\$ 4,790,077	\$ 5,594,611	\$ 3,779,002
Unreserved	8,356,723	9,424,139	7,995,407	10,662,379
Designated for subsequent year's expenditures	17,746,673	16,916,736	17,484,970	13,397,095
Total general fund	<u>\$31,807,559</u>	<u>\$31,130,952</u>	<u>\$31,074,988</u>	<u>\$27,838,476</u>
All Other Governmental Funds				
Reserved	\$ 7,538,843	\$ 7,764,131	\$ 7,415,684	\$ 6,936,527
Unreserved, reported in:			7,975,904	
Designated for subsequent year's expenditures:				
Special revenue funds-Restricted	18,981,952	16,778,857	638,619	5,296,068
Capital projects funds-Committed	2,612,992	1,165,781	6,863,526	5,837,718
Total all other governmental funds	<u>\$29,133,787</u>	<u>\$25,708,769</u>	<u>\$22,893,733</u>	<u>\$18,070,313</u>

Note: The schedule above is pre-GASB 54.

Schedule 3 (Continued)
City of Burlington, North Carolina
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Fiscal Year				
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,847,904	\$ 6,136,701	\$ 3,965,041	\$ 6,426,029	\$ 2,249,758
11,646,018	8,033,236	6,146,674	9,834,740	8,508,053
9,580,099	8,400,210	10,040,293	3,085,486	6,511,068
\$ 24,074,021	\$ 22,570,147	\$ 20,152,008	\$ 19,346,255	\$ 17,268,879
\$ 6,694,424	\$ 6,541,509	\$ 6,015,438	\$ 5,843,710	\$ 6,377,790
9,554,742	7,694,423	329,258	300,491	723,379
1,114,577	1,545,697	7,234,302	7,478,956	10,746,104
\$ 17,363,743	\$ 15,781,629	\$ 13,578,998	\$ 13,623,157	\$ 17,847,273

Schedule 4

City of Burlington, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues				
Ad valorem taxes	\$ 25,984,094	\$ 24,852,944	\$ 23,944,594	\$ 22,959,919
Other taxes and licenses	10,086,790	9,081,632	9,910,654	10,425,711
Unrestricted intergovernmental	4,444,816	4,298,234	4,344,070	4,492,768
Restricted intergovernmental	3,868,203	4,651,477	4,208,258	4,816,213
Permits and fees	868,641	700,723	810,402	1,428,348
Sales and services	3,983,062	4,046,529	4,224,621	3,957,048
Investment earnings	189,248	301,575	1,184,744	2,097,076
Miscellaneous	288,747	424,952	492,277	301,892
Total revenues	49,713,601	48,358,066	49,119,620	50,478,975
Expenditures				
General government	8,316,294	8,238,393	8,007,500	7,529,925
Public safety	18,654,343	18,584,573	17,527,448	17,587,449
Public works	7,962,307	6,924,894	7,688,216	8,186,747
Economic and physical development	1,619,663	1,522,589	933,595	817,368
Culture and recreation	5,628,193	5,498,179	5,687,867	5,408,875
Debt service:				
Principal	2,841,286	2,793,551	2,748,834	2,548,160
Interest	778,504	705,857	770,893	838,078
Capital Outlay	4,599,040	2,948,353	3,644,647	7,360,677
Total expenditures	50,399,630	47,216,389	47,009,000	50,277,279
Excess of revenues over (under) expenditures	(686,029)	1,141,677	2,110,620	201,696
Other Financing Sources (Uses)				
Transfers from other funds	711,581	2,725,287	3,781,627	2,407,433
Transfers to other funds	(1,024,435)	(3,741,877)	(4,346,869)	(2,717,787)
Transfers to component unit		-	-	-
Capital lease obligations issued		-	-	-
Certificates of participation issued		-	-	-
Issuance of private activity bonds (RZED)		2,899,000	-	-
Proceeds from bond issuance		-	-	-
Proceeds from installment purchase	991,857	1,077,538	1,325,622	1,664,789
Total other financing sources (uses)	679,003	2,959,948	760,380	1,354,435
Net change in fund balances	\$ (7,026)	\$ 4,101,625	\$ 2,871,000	\$ 1,556,131
Debt service as a percentage of noncapital expenditures	7.9%	7.9%	8.1%	7.9%

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 22,020,569	\$ 18,993,866	\$ 18,524,056	\$ 16,685,362	\$ 16,535,835	\$ 14,064,465
9,956,747	9,194,171	8,173,551	7,511,238	6,663,570	5,966,135
4,284,884	3,745,537	3,947,053	3,773,185	3,742,948	3,034,234
4,241,322	4,352,292	4,149,194	4,004,997	4,586,002	3,555,013
1,918,985	1,341,313	734,605	564,603	525,156	578,027
3,673,388	3,576,218	3,324,187	3,079,077	3,053,699	2,786,834
2,273,169	1,577,263	677,657	343,577	511,832	1,045,240
312,095	566,928	1,048,006	1,110,576	592,959	783,586
48,681,159	43,347,588	40,578,309	37,072,615	36,212,001	31,813,534
7,774,715	7,101,680	6,310,133	6,250,019	5,502,377	5,363,143
16,130,108	15,718,644	14,972,428	13,790,378	13,150,331	12,966,666
7,158,072	6,999,791	5,660,416	6,027,469	5,882,710	5,981,413
722,891	1,048,340	1,275,662	817,194	755,334	749,472
5,525,920	6,388,082	5,966,471	5,561,503	5,136,131	5,569,479
2,688,134	1,748,916	1,629,609	1,120,916	1,177,730	897,298
874,616	753,937	630,911	766,652	786,006	636,608
5,713,214	471,920	439,308	2,213,199	3,832,835	4,131,294
46,587,670	40,231,310	36,884,938	36,547,330	36,223,454	36,295,373
2,093,489	3,116,278	3,693,371	525,285	(11,453)	(4,481,839)
2,454,576	1,845,882	2,991,440	1,938,964	2,525,911	3,543,899
(3,209,456)	(2,987,867)	(3,127,242)	(3,005,327)	(4,710,911)	(3,443,899)
-	-	-	(114,381)	-	(119,114)
-	-	-	-	165,000	4,145,000
-	-	-	630,000	-	-
-	-	-	-	-	-
9,359,162	-	-	-	-	-
277,055	1,111,695	1,063,200	-	-	-
8,881,337	(30,290)	927,398	(550,744)	(2,020,000)	4,125,886
\$ 10,974,826	\$ 3,085,988	\$ 4,620,769	\$ (25,459)	\$ (2,031,453)	\$ (355,953)

8.9%

6.6%

6.4%

5.5%

6.1%

4.8%

Schedule 5
City of Burlington, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2011	\$ 3,584,241,446	\$ 648,169,194	\$ 70,873,679	\$ 39,093,132	4,264,191,187	\$ 0.590
2010	3,547,546,834	640,124,432	74,014,766	24,980,100	4,236,705,932	0.590
2009	3,148,340,051	724,788,680	65,329,774	25,420,105	3,913,038,400	0.625
2008	2,998,789,899	702,223,245	71,968,398	24,782,192	3,748,199,350	0.625
2007	2,929,664,431	580,421,602	68,488,939	25,353,405	3,553,221,567	0.625
2006	2,825,617,455	577,276,951	66,643,479	25,250,317	3,444,287,568	0.555
2005	2,747,318,689	581,978,838	77,794,418	17,464,456	3,389,627,489	0.555
2004	2,686,124,520	585,656,234	63,860,782	15,393,336	3,320,248,200	0.500
2003	2,671,355,793	619,101,605	62,998,105	23,034,639	3,330,420,864	0.500
2002	2,663,156,801	669,680,557	66,101,228	12,274,777	3,386,663,809	0.420

Source: Annual audited financial reports of the entity and reports of the Tax Assessor and Tax Collector for this entity.

Note: Alamance County does a revaluation every eight (8) years and only records increases and decreases in the other years. The last revaluation was done in 2009, with the next due in 2017.

Schedule 6
City of Burlington, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct	Downtown Corp	Alamance County
2011	0.498	\$ 0.0916	0.590	\$ 0.160	\$ 0.520
2010	0.500	0.0903	0.590	0.160	0.520
2009	0.525	0.0996	0.625	0.160	0.580
2008	0.525	0.0998	0.625	0.160	0.580
2007	0.512	0.1134	0.625	0.160	0.575
2006	0.476	0.0791	0.555	0.160	0.563
2005	0.495	0.0596	0.555	0.160	0.510
2004	0.435	0.0650	0.500	0.160	0.520
2003	0.439	0.0608	0.500	0.160	0.500
2002	0.371	0.0488	0.420	0.160	0.420

Source: City of Burlington's Finance Department

Schedule 7

**City of Burlington, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 97,529,255	1	2.58 %	\$ 74,840,000	1	2.54 %
Alamance Crossing LLC	56,732,998	2	1.50			
Roche	31,682,468	3	0.84			
Duke Energy Corp	31,393,186	4	0.83	24,051,733	4	0.83
PGS Burlington, LLC	28,778,649	5	0.76			
Carolina Hosiery	24,360,437	6	0.64			
Ethan Pointe LLC	22,103,353	7	0.59			
Huffman Mill Plaza	21,103,934	8	0.56			
Koury Properties	17,602,795	9	0.47			
Alamance Industrial Park	17,198,859	10	0.45			
Colonial Mall				33,363,928	2	1.13
Burlington Industries				24,539,321	3	0.84
Bell South				23,257,924	5	0.79
West Point Stevens				21,579,687	6	0.73
Ameritex				15,584,260	7	0.53
Hunters Bridge Apts.				13,919,067	8	0.47
Piedmont Natural Gas				13,461,389	9	0.45
Lowe's Home Improvement				12,246,928	10	0.42
Total	\$ 348,485,934		9.22 %	\$ 256,844,237		8.73 %

Source: City of Burlington Tax Department

Schedule 8
City of Burlington, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 25,169,334	\$24,403,266	96.96 %	\$ -	24,403,266	96.96 %
2010	24,993,044	23,825,333	95.33	670,881	24,496,214	98.01
2009	24,442,673	23,455,196	95.96	670,360	24,125,556	98.70
2008	23,439,381	22,583,026	96.35	611,150	23,194,176	98.95
2007	22,168,691	21,431,448	96.67	618,734	22,050,182	99.47
2006	19,113,060	18,542,350	97.01	541,194	19,083,544	99.85
2005	18,749,105	18,175,039	96.94	477,064	18,652,103	99.48
2004	16,633,761	16,168,531	97.20	393,675	16,562,206	99.57
2003	16,625,046	16,120,634	96.97	380,859	16,501,493	99.26
2002	14,215,806	13,684,745	96.26	431,594	14,116,339	99.30

Source: Annual audited financial reports of the entity and reports of the Tax Assessor and Tax Collector for this entity.

Schedule 9
City of Burlington, North Carolina
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	RZED Bonds	Installment Purchase	Capitalized Leases	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Revolving Loan	Certificates of Participation			
2011	\$11,724,945	\$2,725,926	\$2,615,271	\$ -	\$ -	\$ 8,817,338	\$23,135,863	\$ -	\$ -	\$49,019,343	10.6 %	981
2010	12,855,089	2,899,000	3,164,139	-	-	10,059,723	-	32,500	9,940,000	38,950,451	8.4	754
2009	13,979,593	-	3,758,602	-	-	11,342,853	-	-	10,650,000	39,731,048	9.3	780
2008	15,103,317	-	4,060,782	-	-	12,626,408	-	-	11,360,000	43,150,507	10.8	875
2007	16,118,945	-	4,617,391	-	-	13,903,542	-	-	12,075,000	46,714,878	12.1	980
2006	7,732,142	-	5,234,365	-	210,000	15,315,348	-	-	12,795,000	41,286,855	11.0	873
2005	7,970,338	-	5,392,596	-	420,000	16,180,387	-	1,000,000	13,515,000	44,478,321	12.5	954
2004	8,455,393	-	5,209,312	54,655	630,000	17,515,580	-	2,000,000	14,235,000	48,099,940	13.7	1,040
2003	5,739,204	-	8,944,789	156,274	-	18,866,422	-	3,000,000	-	36,706,689	10.5	798

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Schedule 10
City of Burlington, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-Type Activities		Total	Percentage of Actual Taxable Value (1) of Property	Per Capita (2)
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds			
2011	\$ 11,724,945	\$ 8,817,338	\$ 20,542,283		0.48 %	411.15	
2010	12,855,089	10,059,723	22,914,812		0.54	443.55	
2009	13,979,593	11,342,853	25,322,446		0.65	497.23	
2008	15,103,317	12,626,408	27,729,725		0.74	561.98	
2007	16,118,945	13,903,542	30,022,487		0.84	629.51	
2006	7,732,142	15,315,348	23,047,490		0.67	487.31	
2005	7,970,338	16,180,387	24,150,725		0.24	175.14	
2004	8,455,386	17,515,580	25,970,966		0.25	182.89	
2003	8,944,785	18,866,422	27,811,207		0.27	194.41	
2002	9,438,536	-	9,438,536		0.28	206.81	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) See Schedule 5 for property value data.

(2) Population data can be found in Schedule 14.

Schedule 11

City of Burlington, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alamance County General Obligation Debt	\$ 60,610,000	32.97%	\$ 19,984,804
Guilford County General Obligation Debt	776,375,000	10.04%	77,920,405
Other debt			
Alamance County Installment Loans	27,344,933	32.97%	9,016,386
Guilford County Authorized & Unissued Bonds	347,330,000	10.04%	34,859,564
Guilford County Lease Purchase	3,571,400	10.04%	358,441
Subtotal, overlapping debt			142,139,600
City direct debt			17,066,142
Total direct and overlapping debt			\$ 159,205,742

Sources: Population data used to estimate applicable percentages came from NC State Demographics. Debt outstanding data provided by each governmental unit.

(a) The percentage of overlapping debt applicable is estimated using population figures. Applicable percentages were estimated by dividing the City's population by the County's population.

Schedule 12
City of Burlington, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year	
Assessed value of taxable property	4,264,191,187
Debt limit (8% of assessed value)	341,135,295
Gross Debt:	
Total Bonded Debt	20,544,813
RZED Bonds	2,725,926
Certificate of Participation	-
Revenue Bonds	23,135,863
Lease Financing Agreements	2,615,271
Total Gross Debt	<u>49,021,873</u>
Less: Water and Sewer Bonds	<u>(31,953,241)</u>
Total net debt applicable to limit	<u>17,068,632</u>
Legal debt margin	<u>324,066,663</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$270,933,105	\$ 266,433,669	\$ 265,619,856	\$ 271,170,199	\$275,543,005	\$ 284,257,725	\$ 299,855,948	\$ 312,963,072	\$ 338,936,475	\$ 341,135,295
Total net debt applicable to limit	15,803,989	14,840,267	15,450,846	13,932,209	13,075,035	32,811,336	30,524,099	28,388,195	28,890,728	17,068,632
Legal debt margin	<u>\$255,129,116</u>	<u>\$ 251,593,402</u>	<u>\$ 250,169,010</u>	<u>\$ 257,237,990</u>	<u>\$262,467,970</u>	<u>\$ 251,446,389</u>	<u>\$ 269,331,849</u>	<u>\$ 284,574,877</u>	<u>\$ 310,045,747</u>	<u>\$ 324,066,663</u>
Total net debt applicable to the limit as a percentage of debt limit	5.83%	5.57%	5.82%	5.14%	4.75%	11.54%	10.18%	9.07%	8.52%	5.00%

Note: Under North Carolina Local Budget & Control Act, the city's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Schedule 13
City of Burlington, North Carolina
Pledged-Revenue Coverage
Last Fiscal Year
(dollars in thousands)

Fiscal Year	Water & Sewer Revenue Bonds (1)					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (2)		Coverage
				Principal	Interest	
2011	\$ 21,808,147	\$ 14,825,993	\$ 6,982,154	\$ -	\$ -	\$ -

(1) The City issued Combined Enterprise System Revenue bonds, Series 2010A in the amount of \$11,825,000 and Combined Enterprise System Revenue bonds, Series 2010B in the amount of \$10,700,000 in December of 2010.

(2) No debt payments were made in fiscal year 6/30/11, the first payment was made in August of 2010.

Note: Operating expenses do not include interest, depreciation, or amortization expenses.
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Schedule 14
City of Burlington, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population Estimates (1)	Alamance County Personal Income (2)	Alamance County Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2011	49,963	**	**	22,451	10.0%
2010	51,662	*	*	22,384	11.7%
2009	50,927	4,611,574	30,671	22,304	9.3%
2008	49,343	4,659,254	31,501	22,260	5.2%
2007	47,692	4,282,107	29,575	22,202	5.3%
2006	47,295	4,012,634	28,265	21,772	5.9%
2005	46,645	3,863,435	27,551	21,614	5.9%
2004	46,233	3,740,467	27,016	21,538	6.7%
2003	46,010	3,556,329	26,030	21,366	7.6%
2002	45,638	3,512,493	25,895	21,096	7.5%

* Not available until April, 2012

** Not available until April, 2013

Sources:

- (1) U.S. Census Bureau
- (2) U. S. Department of Commerce - Bureau of Economic Analysis
- (3) N. C. Department of Public Instruction
- (4) U. S. Department of Labor - Bureau of Labor Statistics

Schedule 15
City of Burlington, North Carolina
Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alamance-Burlington School Sys	3,260	1	15.87	2,600	2	12.08 %
LabCorp, Inc.	3,200	2	15.58 %	3,300	1	15.33
Alamance Regional Medical Ctr	2,057	3	10.02	1,500	3	6.97
Wal-Mart Stores, Inc.	1,000	4	4.87			
City of Burlington	875	5	4.26	534	9	2.48
Kayser-Roth Corp	380	6	1.85			
Kernodle Clinic, Inc.	325	7	1.58			
American Multimedia, Inc.	250	8	1.22			
ITG	250	9	1.22			
Carolina Hosiery Mills, Inc.	220	10	1.07			
Gold Toe			-	895	4	4.16
Culp Mills			-	786	5	3.65
Burlington Industries, Inc.			-	765	6	3.55
West Point Stevens			-	696	7	3.23
GKN Automotive			-	650	8	3.02
Engineered Controls International			-	500	10	2.32
Total	11,817		57.54 %	12,226		56.80 %

Sources:

Alamance County Chamber of Commerce
Employment Security Commission of North Carolina

Schedule 16
City of Burlington, North Carolina
Full-time Equivalent City Government Employees by Function/Program
Last Six Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government						
Administration/Public Information	3	3	3	3	3	4
Customer Service/Collections	19	16	19	19	18	18
Finance	14	13	14	13	13	12
Information Technology	6	6	6	6	7	8
Legal	2	2	2	2	2	2
Human Resources	6	5	4	5	5	5
Planning	14	11	11	9	10	9
Inspections	9	10	11	14	13	13
Engineering/Traffic Control	14	18	17	18	18	17
Police						
Sworn Officers	124	115	112	106	105	112
Civilians	41	40	42	40	43	40
Fire						
Firefighter and officers	88	87	88	89	90	90
Civilians	1	1	1	2	2	2
Public Works						
Administration	3	2	2	2	2	3
Maintenance	24	22	23	24	22	23
Street	23	23	24	24	23	23
Cemetery	16	16	16	13	14	13
Sanitation	21	21	22	23	21	23
Recreation	43	42	41	44	45	42
Water and Sewer	86	84	87	84	86	83

Source: Full-time Equivalent Employee information was provided by the City of Burlington's payroll system that was installed in June of 2006. Only six years of data were available.

Schedule 17
City of Burlington, North Carolina
Operating Indicators by Function/Program
Last Nine Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police									
Physical arrests	5,652	5,432	5,797	5,903	6,527	5,197	6,603	6,902	5,860
Parking violations	3,104	1,620	2,129	3,440	2,985	3,972	2,877	3,738	4,774
Traffic violations	5,903	5,612	4,793	6,063	8,651	7,414	11,192	10,732	9,457
Fire									
Emergency responses	4,992	5,056	5,064	4,375	4,501	5,071	3,386	3,420	3,150
Fires responses	2,125	2,061	1,610	2,036	1,438	1,571	1,632	1,718	1,668
Inspections	2,712	2,648	2,844	2,528	2,951	2,657	2,233	2,951	3,213
Refuse collection									
Refuse collected (tons per day)	72	73	69	79	76	74	78	75	75
Recyclables collected (tons per day)	23	29	33	30	31	28	28	31	23
Other Public Works									
Street resurfacing (miles)	5.8	13.4	0	7	35	30	7	0	4
Potholes repaired	100	542	335	101	100	100	100	100	100
Recreation and Parks									
Athletic field permits issued	94	103	82	82	75	70	63	65	48
Community center admissions	162,500	151,100	145,255	140,132	128,725	120,186	114,149	112,640	135,965
Water									
New connections	32	33	61	83	81	121	170	99	158
Water mains breaks	72	81	78	101	83	39	n/a	n/a	n/a
Average daily consumption (thousands of gallons)	10,995	11,875	10,200	12,461	11,586	11,755	9,800	9,800	11,100
Peak daily consumption (thousands of gallons)	18,460	19,000	19,000	18,897	16,670	17,469	15,300	13,100	16,500
Wastewater									
Average daily sewage treatment (thousands of gallons)	11,794	12,000	11,200	11,170	10,900	11,950	12,300	14,600	13,000

Sources: Various city departments. Due to record retention schedules, only nine years of data are available at this time.

Schedule 18
City of Burlington, North Carolina
Capital Asset Statistics by Function/Program
Last Nine Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police									
Stations	1	1	1	1	1	1	1	1	1
Substations	7	7	6	4	3	3	3	3	4
Patrol units	148	144	141	134	133	130	130	123	123
Fire Stations	5	5	5	5	5	5	5	5	5
Refuse collection									
Collection trucks	19	20	18	16	15	15	15	15	16
Other public works									
Streets (miles)	238.89	237.90	238	238	234	230	223	219	218
Highways (miles)	62.24	62.27	61	61	61	63	66	60	59
Streetlights	4,760	4,754	4,738	4,706	4,492	4,239	4,145	4,064	4,048
Traffic Signals	36	35	35	35	32	32	32	32	32
Recreation and parks									
Acreage	638.45	631.45	631.45	631.45	631.45	631.45	631.45	631.45	631.45
Playgrounds	21	16	16	16	16	16	16	14	14
Baseball/softball diamonds	17	17	17	17	17	17	17	13	13
Soccer/football fields	15	12	12	12	12	12	12	5	5
Community centers	6	6	6	6	6	6	6	6	6
Water									
Water mains (miles)	385.82	385.12	383	376.15	360.22	350.00	342.80	333.16	327.66
Fire hydrants	2,064	2,064	2,032	1,900	1,900	1,886	1,846	1,846	1,846
Storage capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,000	3,000
Wastewater									
Sanitary sewers (miles)	383.70	382.85	382.85	378.24	364.55	371.00	362.57	356.41	348.29
Storm sewers (miles)	219.63	213	113	100	100	100	-	-	-
Treatment capacity (thousands of gallons per day)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000

Sources: Various city departments. Due to record retention schedules, only nine years of data are available at this time



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To The Honorable Mayor and
Members of the City Council
City of Burlington
Burlington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregated remaining fund information of the City of Burlington, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises the City of Burlington's basic financial statements and have issued our report thereon dated October 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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Internal Control Over Financial Reporting

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Burlington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Burlington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Burlington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Burlington, in a separate letter dated October 13, 2011.

This report is intended solely for the information and use of management, others within the entity, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

STOUT STUART MCGOWEN & KINGS LLP

October 13, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To The Honorable Mayor and
Members of the City Council
City of Burlington
Burlington, North Carolina

Compliance

We have audited the City of Burlington, North Carolina, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major federal programs for the year ended June 30, 2011. The City of Burlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Burlington's management. Our responsibility is to express an opinion on the City of Burlington's compliance based on our audit.

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Burlington's compliance with those requirements.

In our opinion, the City of Burlington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Burlington's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

STOUT STUART MCGOWEN & KINGS LLP

October 13, 2011



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To The Honorable Mayor and
Members of the City Council
City of Burlington
Burlington, North Carolina

Compliance

We have audited City of Burlington, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. The City of Burlington's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Burlington's management. Our responsibility is to express an opinion on the City of Burlington's compliance based on our audit.

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Burlington's compliance with those requirements.

In our opinion, the City of Burlington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Burlington's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

STOUT STUART MCGOWEN & KINGS LLP

October 13, 2011

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial statements noted _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ Yes X No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HOME Investment Partnership Program
16.005	Federal Asset Forfeiture Funds
20.205	Highway Planning and Construction Grant
20.505	Federal Transit Metropolitan Planning Grants
20.205	ARRA - Highway Planning and Construction Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

CITY OF BURLINGTON, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

None

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:				
Cash Programs:				
<u>U.S. Department of Housing and Urban Development Direct Program:</u>				
Community Development Block Grant - Entitlement Grant	14.218	\$461,261		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	373,448		
Passed-through N.C. Housing Financing Agency:				
Stewart B. McKinney Homeless Assistance Act	14.000	65,000		
<u>U.S. Department of Justice</u>				
Passed-through North Carolina Department Of Crime Control and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	80,926		
Project Safe Neighborhoods	16.609	7,856		
<u>U.S. Department of Transportation</u>				
Direct Program:				
Office of Justice:				
Federal Asset Forfeiture Funds	16.005	523,401		
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grant	20.205	259,213		
Federal Transit Metropolitan Planning Grants	20.505	20,720	2,590	92,379
ARRA – Highway Planning and Construction Grant	20.205	25,611		
<u>U.S. Department of Energy</u>				
Direct Programs:				
ARRA – Energy Efficiency and Conservation Block Grant	81.128	149,744		
<u>U.S. Environmental Protection Agency</u>				
Passed-through North Carolina Department of Environment and Natural Resources:				
ARRA – Drinking Water State Revolving Fund	66.468	41,584		
<u>U.S. Department of Homeland Security</u>				
Passed-through North Carolina Division of Emergency Management:				
Emergency Management Performance Grant	97.042	11,647		
Total assistance - federal programs		<u>2,020,411</u>	<u>2,590</u>	<u>92,379</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
State Grants:				
Cash Assistance:				
<u>N.C. Department of Transportation:</u>				
Powell Bill			1,388,931	
<u>Piedmont Triad Council of Governments:</u>				
Division of Aging			16,713	
<u>N.C. Department of Health and Human Services:</u>				
Get Alarmed Grant			2,000	
Total assistance - State programs		-	1,407,644	-
Total assistance		<u>\$ 2,020,411</u>	<u>\$ 1,410,234</u>	<u>\$ 92,379</u>

Notes to the Schedule of Expenditures Federal and State Financial Awards:

- The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Burlington and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note: Revenue includes operating and nonoperating but not other financing sources. Amounts should be taken from the fund statements instead of the government-wide.

Type of Fund	Assets	Computes "X" if Meets		Computes "X" if Meets			Computes "X" if Meets			Computes "X" if Meets		Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund	
		10% Rule	5% Rule	Liabilities	10% Rule	5% Rule	Revenue	10% Rule	5% Rule	Expenditures/ Expenses	10% Rule		5% Rule
General Fund	35,472,825	N/A	N/A	2,858,799	N/A	N/A	47,774,795	N/A	N/A	45,948,801	N/A	N/A	YES, ALWAYS MAJOR
Special Revenue Funds:													
Mpo Planning/trans.	332,694	-	-	9,374	-	-	287,016	-	-	376,302	-	-	-
Capital Reserve	18,603,347	X	X	-	-	-	44,856	-	-	460,977	-	-	Transfers is the only major activity not a stand alone fund
Substance Abuse	51,552	-	-	-	-	-	22,372	-	-	37,400	-	-	-
Rico	465,165	-	-	7,862	-	-	366,511	-	-	535,048	-	-	-
Home Program	5,807,471	-	-	1,664,899	X	-	290,200	-	-	373,448	-	-	-
Community Dev.	38,441	-	-	11,298	-	-	467,113	-	-	461,261	-	-	-
All Hazard Preparedness	-	-	-	1,870	-	-	9,777	-	-	-	-	-	-
Downtown	64,118	-	-	64,118	-	-	136,380	-	-	136,380	-	-	-
Guilford Mackintosh	35,090	-	-	35,090	-	-	165,455	-	-	165,455	-	-	-
Rehab Loan	2,463,312	-	-	2,594	-	-	30,193	-	-	101,476	-	-	-
Weed & Seed	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy Efficiency Conservative Fund	52,621	-	-	-	-	-	-	-	-	149,744	-	-	-
Medicare Part D	15,554	-	-	-	-	-	-	-	-	2,821	-	-	-
Governor Crime Commission Proj. Safe	10,000	-	-	-	-	-	16,338	-	-	7,856	-	-	-
Edward Byrne Justice Assistance	48,315	-	-	10,698	-	-	84,046	-	-	80,926	-	-	-
Rental Rehab	961,504	-	-	-	-	-	17,517	-	-	6,584	-	-	-
Total Special Revenue	28,949,184			1,807,803			1,937,774			2,895,678			
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds:													
ERP System	652,558	-	-	-	-	-	704	-	-	194,707	-	-	-
Renovation of Existing Rec. & Park Facilities	11,603	-	-	37,236	-	-	-	-	-	408,558	-	-	-
Mebane St./Grand Oak Sidewalk	189,704	-	-	-	-	-	31	-	-	-	-	-	-
Willowbrook Park Multi-use trail	-	-	-	-	-	-	-	-	-	-	-	-	-
Drainage Improvement	318,300	-	-	-	-	-	297	-	-	-	-	-	-
Street Resurfacing Project	283,994	-	-	240,050	-	-	-	-	-	1,412,863	-	-	-
Piedmont Way Widening & Sidewalk Proj.	2,378	-	-	2,378	-	-	-	-	-	-	-	-	-
Total Capital Projects	1,458,537			279,664			1,032			2,016,128			
Total Governmental Funds	65,880,546			4,946,266			49,713,601			50,860,607			
10 % of Total Governmental Funds	6,588,055			494,627			4,971,360			5,086,061			
Enterprise Funds:													
Water and Sewer	188,300,497	X	X	35,614,495	X	X	21,808,147	X	X	19,026,186	X	X	MAJOR
Storm Water	1,145,254	-	-	9,626	-	-	447,628	-	-	310,474	-	-	-
Other Enterprise Fund 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Enterprise Funds	189,445,751			35,624,121			22,255,775			19,336,660			
10% of Total Enterprise Funds	18,944,575			3,562,412			2,225,578			1,933,666			
Total Governmental & Enterprise Funds	255,326,297			40,570,387			71,969,376			70,197,267			
5% of Total Governmental & Enterprise Funds	12,766,315			2,028,519			3,598,469			3,509,863			